CABLE FRANCHISE AGREEMENT

between

the cities of

LAKE OSWEGO,
NORTH PLAINS,
TIGARD,
WEST LINN,
and
WASHINGTON COUNTY

AS PARTICIPATING MEMBERS OF THE

METROPOLITAN AREA COMMUNICATIONS COMMISSION

AND

QWEST BROADBAND SERVICES, INC. D/B/A CENTURYLINK

2015

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1. **DEFINITIONS**

Except as otherwise provided herein the following definitions shall apply:

1.1. *Access Channel*: A video channel, which Franchisee shall make available to Grantor without charge for non-commercial public, educational, or governmental use for the transmission of video programming as directed by Grantor.

1.2. *Affected Jurisdictions*: Unincorporated Washington County and the cities Lake Oswego, North Plains, Tigard and West Linn

1.3. *Affiliate:* Any Person who, directly or indirectly, owns or controls, is owned or controlled by, or is under common ownership or control with, Franchisee.

1.4. *Basic Service:* Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522, which currently states, "any service tier which includes the retransmission of local television broadcast signals."

1.5. *Cable Operator:* Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(5), which currently states, "any person or group of persons (A) who provides cable service over a cable system and directly or through one or more affiliates owns a significant interest in such cable system, or (B) who otherwise controls or is responsible for, through any arrangement, the management and operation of such a cable system."

1.6. *Cable Service* or *Cable Services:* Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(6), which currently states, "the one-way transmission to subscribers of (i) video programming, or (ii) other programming service, and subscriber interaction, if any, which is required for the selection or use of such video programming or other programming service."

1.7. *Cable System* or *System:* Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(7), which currently states, "a facility, consisting of a set of closed transmission paths and associated signal generation, reception, and control equipment that is designed to provide cable service which includes video programming and which is provided to multiple subscribers within a community, but such term does not include (A) a facility that serves only to retransmit the television signals of 1 or more television broadcast stations; (B) a facility that serves subscribers without using any public right-of-way; (C) a facility of a common carrier which is subject, in whole or in part, to the provisions of title II of the Communications Act, except that such facility shall be considered a cable system (other than for purposes of section 621(c)) to the extent that such facility is used in the transmission of video programming directly to subscribers, unless the extent of such use is solely to provide interactive on-demand services; (D) an open video system that complies with section 653 of this title; or (E) any facilities of any electric utility used solely for operating its electric utility systems." The Cable System shall be limited to the optical spectrum wavelength(s), bandwidth or future technological capacity that is used for the transmission of Cable Services directly to Subscribers within the Franchise Area and shall not include the tangible network facilities of a

common carrier subject in whole or in part to Title II of the Communications Act or of an Information Services provider.

1.8. *Channel:* Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(4), which currently states, "a portion of the electromagnetic frequency spectrum which is used in a cable system and which is capable of delivering a television channel (as television channel is defined by the Commission by regulation)."

1.9. *Commission:* The Metropolitan Area Communications Commission, its officers, agents and employees, and, its member jurisdictions which are the Oregon cities of Banks, Beaverton, Cornelius, Durham, Forest Grove, Gaston, Hillsboro, King City, Lake Oswego, North Plains, Rivergrove, Tigard, Tualatin and West Linn together with Washington County or as that membership may change over time. The Commission was created and exercises its powers pursuant to an Intergovernmental Cooperation Agreement, as authorized by state law (particularly ORS Chapter 190) and the laws, charters, and other authority of the individual member units of local government who are members of the Commission. The powers of the Commission have been delegated to it by its members and although it may exercise those powers as an entity, it remains a composite of its members.

1.10. *Communications Act*: The Communications Act of 1934, as amended.

1.11. *Control:* The ability to exercise *de facto* or *de jure* control over day-to-day policies and operations or the management of corporate affairs.

1.12. *Days*: Calendar days unless otherwise noted.

1.13. *Designated Access Provider or DAP*: The entity or entities designated by the Grantor to manage or co-manage the Public, Education, and Government Access Channels and facilities. The Grantor may be a Designated Access Provider.

1.14. *Educational Access Channel*: An Access Channel available solely for the use of the local public schools in the Franchise Area and other higher level educational institutions in the Franchise Area.

1.15. *Effective Date*: The effective date of this Agreement shall be upon the Grantor's written certification of approval from all Affected Jurisdictions and Grantee's unconditional written acceptance of this Agreement. If either event fails to occur, this Agreement shall be null and void, and any and all rights of Grantee to own or operate a Cable System within the Franchise Area under this Agreement shall be of no force or effect.

1.16. *FCC*: The United States Federal Communications Commission, or successor governmental entity thereto.

1.17. *Force Majeure:* An event or events reasonably beyond the ability of Franchisee to anticipate and control. This includes, but is not limited to, severe or unusual weather conditions, strikes, labor disturbances, lockouts, war or act of war (whether an actual declaration of war is made or not), insurrection, riots, act of public enemy, actions or inactions of

any government instrumentality or public utility including condemnation, accidents for which Franchisee is not primarily responsible, fire, flood, or other acts of God, or documented work delays caused by waiting for utility providers to service or monitor utility poles to which QC's Facilities are attached, and documented unavailability of materials and/or qualified labor to perform the work necessary to the extent that such unavailability of materials or labor was reasonably beyond the ability of Grantee to foresee or control.

1.18. *Franchise Area*: Those portions of the Affected Jurisdictions as shown in Exhibit A, and such additional areas as may be included in the corporate (territorial) limits of the Affected Jurisdictions during the term of this Agreement to the extent those areas are served by the Grantee or its Affiliates.

1.19. *Grantee:* Qwest Broadband Services, Inc. d/b/a CenturyLink and its lawful and permitted successors, assigns, and transferees.

1.20. *Government Access Channel*: An Access Channel available solely for the use of Grantor and other local governmental entities located in the Franchise Area.

1.21. *Grantor:* The Metropolitan Area Communications Commission (MACC) created in 1980 which is the local franchising authority for the Commission's member jurisdictions, and individually (and, where applicable, collectively) the Affected Jurisdictions, or the lawful successor, transferee, or assignee thereof.

1.22. *Gross Revenue:* Gross Revenue means, and shall be construed broadly to include, all amounts in whatever form and from all sources derived directly or indirectly by Grantee and/or an Affiliate from the operation of Grantee's Cable System to provide Cable Services within the Franchise Area. Gross revenues include, by way of illustration and not limitation:

- Fees for Cable Services, regardless of whether such Cable Services are provided to residential or commercial Subscribers, including revenues derived from the provision of all Cable Services (including but not limited to pay or premium Cable Services, digital Cable Services, pay-per-view, pay-per-event, audio channels and video-on-demand Cable Services);
- Installation, disconnection, reconnection, downgrade, upgrade, maintenance, repair, or similar charges associated with Subscriber Cable Service;
- Fees paid to Grantee for Channels designated for commercial/leased access use; which shall be allocated on a pro rata basis using total Cable Service Subscribers within the Franchise Area;
- Converter, remote control, and other Cable Service equipment rentals, leases, or sales;
- Payments for pre-paid Cable Services and/or equipment;
- Advertising Revenues as defined herein;
- Fees including, but not limited to: (1) late fees, convenience fees and administrative fees which shall be allocated on a pro rata basis using Cable Services revenue as a percentage of total Grantee revenues within the Franchise

Area; (2) Franchise fees; (3) the FCC user fee and (4) PEG fees if included on Subscriber billing statements;

- Revenues from program guides; and
- Commissions from home shopping channels and other Cable Service revenue sharing arrangements which shall be allocated on a pro rata basis using total Cable Service Subscribers within the Franchise Area.

"Gross Revenues" shall not be net of: (1) any operating expense; (2) any accrual, including without limitation, any accrual for commissions to Affiliates; or (3) any other expenditure, regardless of whether such expense, accrual, or expenditure reflects a cash payment. "Gross Revenues", however, shall not be double counted. Revenues of both Grantee and an Affiliate that represent a transfer of funds between the Grantee and the Affiliate, and that would otherwise constitute Gross Revenues of both the Grantee and the Affiliate, shall be counted only once for purposes of determining Gross Revenues. Similarly, operating expenses of the Grantee which are payable from Grantee's revenue to an Affiliate and which may otherwise constitute revenue of the Affiliate, shall not constitute additional Gross Revenues for the purpose of this Franchise. "Gross Revenues" shall include amounts earned by Affiliates only to the extent that Grantee could, in concept, have earned such types of revenue in connection with the operation of Grantee's Cable System to provide Cable Services in the Franchise Area and recorded such types of revenue in its books and Records directly, but for the existence of Affiliates. "Gross Revenues" shall not include sales taxes imposed by law on Subscribers that the Grantee is obligated to collect. With the exception of recovered bad debt, "Gross Revenues" shall not include bad debt.

"Advertising Revenues" shall mean amounts derived from sales of advertising that are made available to Grantee's Cable System Subscribers within the Franchise Area and shall be allocated on a pro rata basis using total Cable Service Subscribers reached by the advertising. Whenever Grantee acts as the principal in advertising arrangements involving representation firms and/or advertising Interconnects and/or other multichannel video providers, Advertising Revenues subject to Franchise fees shall include the total amount from advertising that is sold, and not be reduced by any operating expenses (e.g., "revenue offsets" and "contra expenses" and "administrative expenses" or similar expenses), or by fees, commissions, or other amounts paid to or retained by National Cable Communications or similarly affiliated advertising representation firms to Grantee or their successors involved with sales of advertising on the Cable System within the Franchise Area.

"Gross Revenues" shall **not** include:

- actual Cable Services bad debt write-offs, except any portion which is subsequently collected which shall be allocated on a *pro rata* basis using Cable Services revenue as a percentage of total Grantee revenues within the Franchise Area;
- any taxes and/or fees on services furnished by Grantee imposed on Subscribers by any municipality, state or other governmental unit, provided that the Franchise fee, the FCC user fee and PEG fee shall not be regarded as such a tax or fee;
- launch fees and marketing co-op fees; and,

- revenues associated with the provision of managed network services provided under separate business contract.
- Unaffiliated third party advertising sales agency fees or commissions which are reflected as a deduction from revenues, except when Grantee acts as a principal as specified in paragraph (A) immediately above.

To the extent revenues are derived by Grantee for the provision of a discounted bundle of services which includes Cable Services and non-Cable Services, Grantee shall calculate revenues to be included in Gross Revenues using a methodology that allocates revenue on a *pro rata* basis when comparing the bundled service price and its components to the sum of the published rate card prices for such components. Except as required by specific federal, state or local law, it is expressly understood that equipment may be subject to inclusion in the bundled price at full rate card value. This calculation shall be applied to every bundled service package containing Cable Service from which Grantee derives revenues in the Franchise Area. The Grantor reserves its right to review and to challenge Grantee's calculations.

Example: Prior to any bundle-related price reduction, if Cable Service is valued at 50% of the total of the services to be offered in a bundle, then Cable Service is to be valued and reported as being no less than fifty percent (50%) of the price of the bundled service total.

Grantee reserves the right to change the allocation methodologies set forth in paragraph (C) above to meet standards mandated by the Financial Accounting Standards Board ("FASB"), Emerging Issues Task Force ("EITF") and/or the U.S. Securities and Exchange Commission ("SEC"). Grantor acknowledges and agrees that Grantee shall calculate Gross Revenues in a manner consistent with GAAP where applicable; however, the Grantor reserves its right to challenge Grantee's calculation of Gross Revenues, including Grantee's interpretation of GAAP and Grantee's interpretation of FASB, EITF and SEC directives. Grantee agrees to explain and document the source of any change it deems required by FASB, EITF and SEC concurrently with any Franchise-required document at the time of submittal, identifying each revised Section or line item.

Grantor agrees and acknowledges that Grantee shall maintain its books and Records in accordance with GAAP.

1.23. *Information Services*: Shall be defined herein as it is defined under Section 3 of the Communications Act, 47 U.S.C. §153(20), which currently states, "the offering of a capability for generating, acquiring, storing, transforming, processing, retrieving, utilizing, or making available information via telecommunications, and includes electronic publishing, but does not include any use of any such capability for the management, control, or operation of a telecommunications system or the management of a telecommunications service."

1.24. *Living Unit*: A distinct address in QC's network inventory data base including but not limited to single family homes, multi-dwelling units (e.g., apartments and condominiums), government facilities and business locations.

1.25. *Origination Points*: Locations from which PEG programming is delivered to the PEG Access Headend for transmission as set forth in Exhibit B.

1.26. *PEG*: Public, Educational, and Governmental.

1.27. *Person*: An individual, partnership, association, joint stock company, trust, corporation, or governmental entity.

1.28. *Public Access Channel*: An Access Channel available solely for use by the residents and others in the Franchise Area, as authorized by Grantor.

1.29. *Public Communications Network ("PCN") / Institutional Network*: The separate communications network pursuant to a Grantor-issued cable franchise designed principally for the provision of non-entertainment, interactive services to schools, public agencies, or other non-profit agencies for use in connection with the ongoing operations of such institutions. Services provided may include video, audio, and data to PCN subscribers on an individual application, private channel basis. This may include, but is not limited to, two-way video, audio, or digital signals among institutions.

1.30. *Public Rights-of-Way*: The surface and the area across, in, over, along, upon and below the surface of the public streets, roads, bridges, sidewalks, lanes, courts, ways, alleys, and boulevards, including, public utility easements and public lands and waterways used as Public Rights-of-Way, as the same now or may thereafter exist, which are under the jurisdiction or control of the Affected Jurisdictions, to the full extent of the Affected Jurisdictions' right, title, interest, and/or authority to grant a franchise to occupy and use such streets and easements for Telecommunications Facilities and Cable Service. Public Rights-of-Way shall also include any easement granted or owned by the Grantor or Affected Jurisdictions and acquired, established, dedicated or devoted for public utility purposes. Public Rights-of-Way do not include the airwaves above a right-of-way with regard to cellular or other nonwire communications or broadcast services.

1.31. *Qwest Corporation or QC*: The Grantee's Affiliate and owner of the facilities within the Right of Way over which Grantor's Cable Service will be provided.

1.32. *Qualified Living Unit*: Any Living Unit designated as qualified for Cable Service in Grantor's loop qualification network inventory database.

1.33. *School*: Any educational institution, public or private, registered by the State of Oregon pursuant to ORS 345.505-525, (excluding home schools), including but not limited to primary and secondary schools, colleges and universities.

1.34. *Subscriber*: A Person who lawfully receives Cable Service over the Cable System with Grantee express permission.

1.35. *Telecommunications Facilities or QC's Facilities*: The facilities owned by QC over which Grantor's Cable Service will be provided.

1.36. *Title II*: Title II of the Communications Act.

1.37. *Title VI*: Title VI of the Communications Act.

1.38. *Video Programming:* Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(20), which currently states, "programming provided by, or generally considered comparable to programming provided by, a television broadcast station."

2. GRANT OF AUTHORITY; LIMITS AND RESERVATIONS

2.1. *Grant of Authority*: Subject to the terms and conditions of this Agreement, Grantor and Affected Jurisdictions hereby grant to Grantee the right to own, construct, operate and maintain a Cable System along the Public Rights-of-Way within the Franchise Area in order to provide Cable Service. No privilege or power of eminent domain is bestowed by this grant; nor is such a privilege or power bestowed by this Agreement.

2.1.1. This Agreement is intended to convey limited rights and interests only as to those streets and Public Rights-of-Way in which the Affected Jurisdictions have an actual interest. It is not a warranty of title or interest in any Public Right-of-Way, it does not provide the Grantee any interest in any particular location within the Public Right-of-Way, and it does not confer rights other than as expressly provided in the grant hereof. Except as set forth in this Agreement, this Agreement does not deprive Grantor or Affected Jurisdictions of any powers, rights, or privileges they now have or may acquire in the future under applicable law, to use, perform work, or regulate the use and control of the Affected Jurisdictions' streets covered by this Agreement, including without limitation, the right to perform work on their roadways, Public Rights-of-Way, or appurtenant drainage facilities, including constructing, altering, paving, widening, grading or excavating thereof.

2.1.2. This Agreement authorizes Grantee to engage in providing Cable Service. Nothing herein shall be interpreted to prevent Grantor or Grantee from challenging the lawfulness or enforceability of any provisions of applicable law.

2.1.3. To the extent Grantee uses other parties (whether or not affiliated) to fulfill its obligations hereunder, Grantee will insure such parties comply with the terms and conditions of this Agreement.

2.2. *Regulatory Authority Over QC's Facilities*: Jurisdiction over QC's Facilities is governed by federal, state and local law. Grantor's regulatory authority under Title VI of the Communications Act is not applicable to the construction, installation, maintenance, or operation of QC's Facilities to the extent QC's Facilities are constructed, installed, maintained, or operated for the purpose of upgrading and/or extending existing QC's Facilities for the provision of non-Cable Services. Nothing in this Agreement shall affect the Grantor or Member Jurisdictions' authority to adopt and enforce lawful regulations with respect to the Public Rights-of-Way.

QC will be primarily responsible for the construction and installation of QC's Facilities in the Public Rights of Way which will be utilized by Grantee to provide Cable Service. So long as QC does not provide Cable Services to Subscribers in the Affected Jurisdictions, QC will not be subject to the terms and conditions contained in this Franchise. QC's installation and maintenance of QC's Facilities in the Public Rights of Way shall otherwise be subject to applicable laws and permit requirements. To the extent Grantee uses any third-parties (whether or not affiliated with the Grantee) to fulfill its obligations under this Franchise, Grantee will insure such parties comply with the terms and conditions of this Franchise. To the extent Grantee constructs and installs facilities in the Public Rights of Way of the Affected Jurisdictions, such installations and facilities will be subject to the terms and conditions contained in this Franchise and all applicable Grantor laws, ordinances, resolutions, rules and regulations.

2.3. *Term of Franchise.* This Franchise, and all rights, privileges, obligations and restrictions pertaining thereto, shall expire on December 31, 2020 unless terminated sooner as provided in this Franchise or extended as provided in Section 2.4.

2.4. *Franchise Term Extension.*

2.4.1. The term of the Franchise under Section 2.3 hereof, and all rights, privileges, obligations and restrictions pertaining thereto, shall be extended:

2.4.2. An additional three (3) years to December 31, 2023 if, by December 31, 2018, Grantee offers Cable Services to percent (20%) or more of the Living Units in the Franchise Area and duly notifies Grantor with reasonable documentation; and

2.4.3. An additional two (2) years to December 31, 2025 if, by December 31, 2021, Grantee offers Cable Services to an additional thirty percent (30%) or more of the Living Units in the Franchise Area and duly notifies Grantor with reasonable documentation.

2.5. The extension of the term of this Franchise under Section 2.4.1. and 2.4.2. shall not become effective until after the Grantor has accepted Grantee's documents substantiating that Grantee has completed the requirements of Section 2.4.1. or Section 2.4.2, as applicable. Grantee shall submit reasonable documentation regarding achievement of the targets set forth in Section 2.4 hereof to the Grantor not less than 180 days prior to expiration of the initial or extended term of the Franchise as applicable.

2.6. Grant Not Exclusive: This Agreement shall be nonexclusive, and is subject to all prior rights, interests, agreements, permits, easements or licenses granted by Grantor or Affected Jurisdictions to any Person to use any street, right-of-way, easements not otherwise restricted, or property for any purpose whatsoever, including the right of the Affected Jurisdictions to use same for any purpose they deem fit, including the same or similar purposes allowed Grantee hereunder. Affected Jurisdictions may, at any time, grant authorization to use the Public Rights-of-Way for any purpose not incompatible with Grantee's authority under this Agreement, and for such additional franchises for cable systems as the Grantor deems appropriate. Any such rights which are granted shall not adversely impact the authority as granted under this Agreement.

2.7. *Effect of Acceptance*: By accepting the Agreement, the Grantee: (1) acknowledges and accepts the Grantor's and Affected Jurisdictions' legal right to issue the Agreement; (2) acknowledges and accepts the Grantor's legal right to enforce the Agreement on behalf of the Affected Jurisdictions; (3) agrees that it will not oppose the Grantor intervening or other participation in any proceeding affecting Cable Service over the Cable System in the Franchise Area; (4) accepts and agrees to comply with each and every provision of this Agreement; and (5) agrees that the Agreement was granted pursuant to processes and procedures consistent with applicable law, and that it will not raise any claim to the contrary.

2.8. *Franchise Subject to Federal Law:* Notwithstanding any provision to the contrary herein, this Franchise and its exhibits are subject to and shall be governed by all applicable provisions of federal law and regulation as they may be amended, including but not limited to the Communications Act.

2.9. *No Waiver*:

2.9.1. The failure of Grantor on one or more occasions to exercise a right or to require compliance or performance under this Franchise or any other applicable law shall not be deemed to constitute a waiver of such right or a waiver of compliance or performance by Grantor, nor to excuse Grantee from complying or performing, unless such right or such compliance or performance has been specifically waived in writing.

2.9.2. The failure of Grantee on one or more occasions to exercise a right under this Franchise or applicable law, or to require performance under this Franchise, shall not be deemed to constitute a waiver of such right or of performance of this Agreement, nor shall it excuse Grantor from performance, unless such right or performance has been specifically waived in writing.

2.10. *Construction of Agreement:*

2.10.1. The provisions of this Franchise shall be liberally construed to effectuate their objectives.

2.10.2. Nothing herein shall be construed to limit the scope or applicability of Section 625 Communications Act, 47 U.S.C. § 545.

2.11. To the extent permitted by law, if there is a change in federal law or state law that permits Grantee to opt out of or terminate this Agreement, then Grantee agrees not to exercise such option.

2.12. *Police Powers*: In executing this Franchise Agreement, the Grantee acknowledges that its rights hereunder are subject to the lawful police powers of Grantor to adopt and enforce general ordinances necessary to the safety and welfare of the public and Grantee agrees to comply with all lawful and applicable general laws and ordinances enacted by Grantor pursuant to such power. Nothing in this Agreement shall be construed to prohibit the reasonable, necessary, and lawful exercise of Grantor's police powers. Recognizing the Grantee is subject to

Grantor's police powers, Grantor cannot unilaterally change the express provisions of this Agreement that relate to the provision of Cable Services.

2.13. *Service Date.* Grantee shall offer Cable Services on a commercial basis to one or more subscribers within the Franchise Area on a Service Date no later than _forty five days after the Franchise Agreement has been fully executed. Grantee shall meet with Grantor at least annually to demonstrate where its Cable Services are available together with its plans, if any, to increase its Cable Service footprint.

2.14. *Non-Discrimination.*

2.14.1. Grantee shall comply with applicable federal, state or local laws relating to non-discrimination. Grantee shall offer and provide Cable Services to all Persons within the Franchise Area under non-discriminatory terms and conditions. Grantee shall not deny Cable Service, or otherwise discriminate against Subscribers, Programmers or any Person, on the basis of race, religion, color, sex, marital status, familial status, national origin, age, disability, sexual orientation, income level or source of income.

2.14.2. Grantee shall not arbitrarily refuse to provide Cable Services to any Person within the Franchise Area. Grantee's designation of any Qualified Living Unit shall not be based upon race, religion, color, sex, marital status, familial status, national origin, age, disability, sexual orientation, income level or source of income.

2.14.3. Grantee's rates and charges shall be published, and shall be non-discriminatory as to all Persons of similar classes, under similar circumstances and conditions.

2.14.4. Grantee shall establish similar rates and charges for all Subscribers receiving similar services, regardless of Subscriber's race, color, religion, age, sex, marital or economic status, national origin, sexual orientation, disability, income source, or geographic location within the Franchise Area. Nothing in this Section shall be construed to prohibit:

2.14.4.1. The temporary reduction or waiving of rates and charges in conjunction with promotional campaigns;

2.14.4.2. Grantee from offering reasonable discounts to senior citizens or discounts to economically disadvantaged citizens;

2.14.4.3. Grantee establishing different and nondiscriminatory rates and charges and classes of services for commercial subscribers, as well as different, nondiscriminatory monthly rates for classes of commercial subscribers; or

2.14.4.4. Grantee from establishing reduced bulk rates for Subscribers.

2.15. *Filing of Rates and Charges.* Grantee shall maintain on file with the Grantor or provide via a working Internet link with contemporaneous notice to Grantor upon change, a complete and current schedule of applicable Subscriber rates and charges for Cable

Services provided under this Franchise, in a form satisfactory to the Grantor. Nothing in this Section shall be construed to require the Grantee to file rates and charges under temporary reductions or waivers of rates and charges in conjunction with promotional campaigns. As used solely in this Section, no rate or charge shall be considered temporary if Subscribers have the ability over a period greater than six (6) consecutive months to purchase Cable Services at such rate or charge.

2.16. *Changes in Rates and Charges.*

2.16.1. Grantee shall provide written notice to the Grantor and Subscribers at least 30 days in advance of any increase in rates and charges. Notice to the Grantor of proposed increases in rates and charges shall be filed in a form satisfactory to the Grantor, which may include notice by means of a working Internet link with contemporaneous notice to Grantor upon change.

2.16.2. Unless the Grantor has lawfully required prior review of Grantee's rate increase in accordance with the requirements and conditions of applicable law, Grantee's rate increase shall become effective on the date identified in the form filed by the Grantee, provided that the effective date shall not be earlier than the 31st day after such filing.

2.17. *Provision of Equipment and Services to Individuals with Disabilities.* Grantee shall provide Cable Services and equipment to Subscribers with disabilities in accordance with federal and state laws.

2.18. *Connection of Public Facilities.* Grantee shall, at no cost to Grantor, provide one (1) outlet of basic and digital economy tier (or its functional equivalent) Programming to public use buildings, as designated by the Grantor, and all libraries and Schools. Those portions of buildings housing prison/jail populations shall be excluded from this requirement. In addition, Grantee agrees to provide, at no cost, one (1) outlet of basic and digital economy tier (or its functional equivalent) Programming to all such future public buildings. Requirement is waived if such building is (a) currently served by any other franchised Cable Operator or (b) not a Qualified Living Unit.

2.19. *Service Extension.* Following the Service Date, Grantee shall provide Cable Services upon request from any Person in the Franchise Area who resides in a Qualified Living Unit.

3. SYSTEM FACILITIES

3.1. *System Characteristics:* The Cable System must conform to or exceed all applicable FCC technical performance standards, as amended from time to time. Grantee's Cable System shall substantially conform in all material respects to applicable sections of the following standards and regulations to the extent such standards and regulations remain in effect and are consistent with accepted industry standards.

3.1.1. The System shall be capable of standard digital, HDTV, VOD, as well as other future services.

3.1.2. The System shall have a modern design, when built, utilizing an architecture that will permit additional improvements necessary for high quality and reliable service throughout the Franchise Term.

3.1.3. The System shall have protection against outages due to power failures, so that back-up power is available at a minimum for at least twenty-four (24) hours at each headend, and conforming to industry standards, but in no event rated for less than four (4) hours, at each power supply site.

3.1.4. All work authorized and required hereunder shall be done in a safe, thorough and workman-like manner. The Grantee must comply with all safety requirements, rules, and practices and employ all necessary devices as required by applicable law during construction, operation and repair of its Cable System. By way of illustration and not limitation, the Grantee must comply with the National Electrical Code, National Electric Safety Code, and Occupational Safety and Health Administration (OSHA) Standards.

3.2. *Inspection of Facilities:* The Grantor may inspect upon request any of Grantee's facilities and equipment to confirm performance under this Agreement upon at least twenty-four (24) hours notice. In all instances, a qualified representative of Grantee must be available to accompany the tour to insure that no privacy requirements are violated.

3.3. *Emergency Alert System.* Grantee shall comply with the Emergency Alert System ("EAS") requirements of the FCC in order that emergency messages may be distributed over the System.

3.3.1. In the event of a state or local civil emergency, the EAS shall be activated by equipment or other acceptable means as set forth in the State and Local EAS Plans. Affected Jurisdictions shall permit only appropriately trained and authorized Persons to activate the EAS equipment through the EAS Local Primary Stations (LP1 or LP2) and remotely override the audio and video on all channels on the Cable System. Each Affected Jurisdiction shall take reasonable precautions to prevent any inappropriate use of the EAS or Cable System, or any loss or damage to the Cable System, and, except to the extent prohibited by law, shall hold harmless and defend Grantee, its employees, officers and assigns from and against any claims arising out of use of the EAS by that Affected Jurisdiction, including but not limited to, reasonable attorneys' fees and costs.

4. **PEG SERVICES**

4.1. *PEG Access Channels:*

4.1.1. All PEG Access Channels provided for herein shall be administered by the Grantor or its designee. Grantor or its designee shall establish rules and regulations for use of PEG facilities consistent with, and as required by, 47 U.S.C. §531. Grantee shall cooperate with Grantor or its designee in the use of the Cable System for the provision of PEG Access Channels.

4.1.2. In order to ensure universal availability of Public, Educational and Government programming, Grantee shall provide Grantor, within one hundred twenty (120) days of the Effective Date of this Agreement, six (6) dedicated Public, Educational, and Government Access Channels ("PEG Access Channels"). Grantee shall not be required to distribute to its Subscribers a greater number of PEG Access Channels than those distributed by other franchised Cable Operators providing Cable Service within the Franchise Area. All PEG Access Channels will be on the Basic Service Tier and will be fully accessible to Subscribers, consistent with FCC regulations. Grantee shall ensure that the signal quality for all PEG Access Channels is in compliance with all applicable FCC technical standards. Grantee will use equipment and procedures that will minimize the degradation of signals that do not originate with the Grantee. Grantee shall provide regular and routine maintenance and repair/replacement of transmission equipment it supplies necessary to carry a quality signal on the PEG Access Channels and from any Origination Points provided for herein.

4.1.3. Within ten (10) days after the Effective Date of this Agreement, Grantor shall inform Grantee of the general nature of the programming to be carried on the initial PEG Access Channels set aside by Grantee. Grantor and Affected Jurisdictions authorize Grantee to transmit such programming within and outside the Franchise Area. Grantee shall assign the PEG Access Channels on its channel line-up as set forth in the notice from Grantor to the extent such channel assignments do not interfere with Grantee's existing or planned channel line-up. If Grantor later changes the programming carried on a PEG Access Channel(s), Grantor shall provide Grantee with at least ninety (90) days notice of the change(s).

4.1.4. If a PEG Access Channel provided under this Article is not being utilized by Grantor, Grantee may utilize such PEG Channel, in its sole discretion, until such time as Grantor elects to utilize the PEG Access Channel for its intended purpose.

4.1.5. Grantor shall require all local producers and users of any of the PEG facilities or Channels to agree to authorize Grantee to transmit programming consistent with this agreement in writing and to defend and hold harmless Grantee and Grantor from and against any and all liability or other injury, including the reasonable cost of defending claims or litigation, arising from or in connection with claims for failure to comply with applicable federal laws, rules, regulations or other requirements of local, state or federal authorities; for claims of libel, slander, invasion of privacy, or the infringement of common law or statutory copyright; for unauthorized use of any trademark, trade name or service mark; for breach of contractual or other obligations owing to third parties by the producer or user; and for any other injury or damage in law or equity, which result from the use of a PEG facility or PEG Access Channel.

4.1.6. Existing Access Channels: Grantee shall provide up to six (6) high definition ("HD") Downstream Channels for distribution on Grantee's Basic Service level of Public, Educational, and Governmental Access Programming. Grantee does not relinquish its ownership of or ultimate right of control over Cable System capacity or a Channel position by initially designating it for PEG Access use.

4.1.6.1. Grantee shall place one Access Channel under this Franchise on channel 11 in Grantee's channel lineup.

4.1.6.2. Grantee shall place the remaining Access Channels under this Franchise on consecutive channel numbers in Grantee's channel lineup where other commercial standard definition (SD) format channels are carried or, for the high definition (HD) format Access Channels, where other commercial HD format channels are carried.

4.1.6.3. Grantee shall notify the City and the Designated Access Providers of the Access Channel assignments at least 60 days prior to Grantee making the Access Channels available to Subscribers.

4.1.6.4. If Grantee reassigns Access Channel numbers, Grantee shall provide at least 60 days advance notice to the City and the Designated Access Providers. Grantee shall ensure that Subscribers are notified of such reassignment consistent with notice requirements under the City's Cable Television Consumer Protection Policy set forth in Portland City Code Chapter 3.115. Grantee shall also use the customer messaging function of its set-top unit to provide Subscribers the new channel assignments at least 30 days prior to the change and for at least 30 days after the change. In conjunction with any reassignment of any Access Channel, Grantee shall provide a minimum of $5,000 compensation to a Designated Access Provider for costs associated with the change. Compensation shall be paid on a per-event basis, regardless of the number of channels affected by the change.

4.1.7. Grantee's Use of Mosaic Channel.

4.1.7.1. Grantee may make PEG channels available via a multi view or mosaic display. If so, Grantee shall use Channel 31 in its channel lineup as a means to provide ease of access by Subscribers to the Access Channels placed on channel numbers significantly higher than the access channels have historically been placed under other cable services franchises in the City. Grantee refers to this type of channel as a "Mosaic Channel." As used in this Section 5.3(B), "Mosaic Channel" means a channel which displays miniaturized media screens and related information for a particular cluster of channels with common themes. The Mosaic Channel serves as a navigation tool for subscribers, which displays the cluster of Access Channels on a single channel screen and also provides for easy navigation to a chosen Access Channel in the cluster.

4.1.7.2. Grantee shall use its Channel 31 Mosaic Channel to display all Access Channels required under this Franchise, except the Access Channel carried on Channel 11. Grantee shall not include any other channel on the Channel 31 Mosaic Channel unless the City provides advance written consent.

4.1.7.3. The Mosaic Channel mechanism shall allow subscribers to navigate directly from Channel 31 to the requested Access Channel in a single operation without any intermediate steps. When using the Channel 31 Mosaic Channel, Subscribers shall be directed to the requested Access Channel in a high definition (HD) format if appropriate to the Subscriber's level of service; otherwise, the Subscriber shall be directed to the standard definition (SD) Access Channel.

4.2 Grantee shall consult with the Designated Access Providers to determine the Access Channels information displayed on the Channel 31 Mosaic Channel. However, the information shall be, at a minimum, reasonably commensurate with Grantee's display of commercial channels on Mosaic Channels.

4.3 *PEG Access Program Listings On Cable System's Digital Channel Guide.*

4.3.1 To the extent the configuration of the Cable System allows for detailed program listings to be included on the digital Channel guide, Grantee will allow Grantor or the DAP to make arrangements with the Channel guide vendor to make detailed Programming listings available on the guide. The Grantor or DAP will be solely responsible for providing the program information to the vendor in the format and timing required by the vendor and shall bear all costs of this guide service. The cost for this service may be funded by the PEG/PCN fee as set forth below.

4.3.2. PEG Access Interface with Grantee Video-On-Demand Capabilities. No later than twelve (12) months after the Effective Date, Grantee shall include up to 25 hours, at any given time, of high definition (HD) format Access programming on its video-on-demand ("VOD") platform to be accessible free of charge to Cable Services Subscribers on the same basis as commercially offered VOD content. Grantee shall downconvert HD format Access programming to a standard definition format when necessary to provide VOD Access programming to Subscribers without access to HD format VOD programming. Grantee agrees to work in good faith with the Designated Access Providers to establish a mutually agreeable process for placing Access programming on the VOD platform, including but not limited to, an efficient online, electronic method for provision of HD format programming to Grantee including encoding specifications for programming format. Grantee shall include Access VOD program information in its VOD program guides. Designated Access Providers are responsible for selecting the Access programming and providing it to Grantee in a high definition (HD) format. Grantee and the City recognize that future development of VOD technology may allow for the Designated Access Providers and Grantee to agree on a mutually acceptable alternative to including Access programming on Grantee's VOD platform and increasing the amount of Access programming available to Subscribers.

4.4. *Connection of PEG Access Headend:*

4.4.1. Grantor shall provide suitable video signals for the PEG Access Channels to Grantee at Grantor's PEG Access Headend located at 15201 NW Greenbrier Parkway, Building C-1, Beaverton, Oregon 97006. Upon receipt of a suitable video signal, Grantee shall provide, install, and maintain in good working order the equipment necessary for transmitting the PEG signal to the channel aggregation site for further processing for distribution to Subscribers. Grantee's obligation with respect to such upstream transmission equipment and facilities shall be subject to the availability, without charge to Grantee, of suitable required space, environmental conditions, electrical power supply, access, pathway within the facility, and other facilities and such cooperation of Grantor as is reasonably necessary for Grantee to fulfill such obligations. The Grantee shall, at Grantee's expense, provide connection, including all necessary terminal equipment for the transmission, of all PEG Access Channels required in this Agreement to and from the PEG Access Headend as of the Effective Date of this Agreement. If

the Grantor designates new Access providers, or if a current DAP moves its site or location at its own instigation after the Effective Date of this Agreement, the direct costs to construct the Cable System from the new site or location to the nearest distribution point of the Cable System shall not be the responsibility of Grantee and may be funded from the PEG/PCN fee set forth below.

4.4.2. *Changes in Technology.* In the event Grantee makes any change in the Cable System and related equipment and facilities or in Grantee's Signal delivery technology, which directly or indirectly affects the Signal quality or transmission of Access services or Programming or requires Grantor to obtain new equipment in order to be compatible with such change for purposes of transport of and delivery of any Access Channels Grantee shall, at its own expense and free of charge to Grantor and DAP, take necessary technical steps or provide necessary technical assistance, including the purchase or acquisition and maintenance of all necessary equipment, and training of Grantor's Access personnel to ensure that the capabilities of Access services are not diminished or adversely affected by such change

4.4.3. *Technical Quality.* The Grantee shall maintain all Upstream and Downstream Access services, Programming and Interconnections at the same level of technical quality and reliability required by this Agreement and all other applicable laws, rules and regulations. Grantee shall provide routine maintenance and shall repair and replace all transmission equipment, including transmitters/receivers, associated cable and equipment, necessary to carry a quality Signal to and from demarcation at Grantor's facilities.

4.4.4. *Live Origination Points.* Two new, permanent Origination Points required by the Grantor as listed in Exhibit B shall be provided by Grantee within 180 days from the Franchise Effective Date, at the expense of Grantee.

4.4.5. Additional Permanent Live Origination Points requested by the Grantor in writing shall be provided by Grantee as soon as reasonably possible at the expense of Grantor. Such costs may be paid for from the PEG/PCN fee set forth below. There shall be no charge to the Grantor, to the Commission, to any other Access program, or to any other Person for the use of the Upstream Capacity from the program origination locations described in this Section, so long as the transmissions are designed for re-routing and distribution on any PEG Channel(s).

5. **PEG ACCESS AND PCN GRANT FUND**

5.1. Grantee shall support the continued Public, Educational and Government (PEG) Programming, through the following funding:

5.2. *Fund Payments.*

5.2.1. During the term of this Agreement, Grantee agrees to collect and pay Grantor eighty cents ($0.80) per Subscriber, per month to support the capital costs for PEG Access facilities, including, but not limited to, studio and portable production equipment, editing equipment and program playback equipment, or for renovation or construction of PEG Access facilities, and to support the capital and operating needs of PCN users. Nothing in this Section shall be viewed as a waiver of Grantor's rights to use the funds provided to Grantor in this Section for any lawful purpose permitted under applicable federal law. To the extent the

incumbent Cable Operator's fee for this Fund changes to an amount that is different than the fee in this section, upon sixty days written notice from the Grantor, Grantee shall automatically adjust this amount to maintain parity with the incumbent.

5.2.2. Grantee shall make such payments quarterly, following the Effective Date of this Agreement, for the preceding quarter ending March 31, June 30, September 30, and December 31. Each payment shall be due and payable no later than forty-five (45) days after the end of each quarter.

5.3. *Annual Grant Award Report.* Grantor shall provide a report annually to the Grantee on the use of the funds provided by to the Grantor under this Section. Reports shall be submitted to the Grantee within one hundred twenty (120) days of the close of Grantor's fiscal year.

5.4. Grantee may reasonably review Records of the Grantor related to the use of funds in such reports to confirm that funds are used in accordance with federal law and this Agreement. Grantee will notify the Grantor in writing at least thirty (30) days prior to the date of such a review and identify the relevant financial Records of Grantor that Grantee wants to review. The time period of the review shall be for the fund payments received no more than thirty-six (36) months prior to the date the Grantee notifies Grantor of its intent to perform a review. The Grantor shall make such Records available for inspection and copying during normal business hours at the office of the Grantor.

5.5. *PEG Access Not Franchise Fees.* Grantee agrees that financial support for the PEG Access and PCN Grant Fund, and all other Grantee PEG and PCN obligations set forth in this Agreement shall in no way modify or otherwise affect Grantee's obligations to pay Franchise fees to Grantor. Grantee agrees that although the sum of Franchise fee and the payments set forth in this Section may total more than five percent (5%) of Grantee's Gross Revenues in any twelve (12) month period, the additional commitments shall not be offset or otherwise credited in any way against any past, present or future Franchise fee payments under this Agreement so long as such fees are used in a manner consistent with this Agreement and federal law.

5.5.1. Grantor recognizes Franchise fees and certain additional commitments are external costs as defined under the FCC rate regulations in force at the time of adoption of this Agreement and Grantee has the right and ability to include Franchise fees and certain other commitments on the bills of cable Subscribers (47 C.F.R. Section 76.922).

6. **FRANCHISE FEES**

6.1. *Payment to the Grantor:* Grantee shall pay to the Grantor a Franchise fee of five percent (5%) of annual Gross Revenue. In accordance with Title VI of the Communications Act, the twelve (12) month period applicable under the Franchise for the computation of the Franchise fee shall be a calendar year. Such payments shall be made no later than forty-five (45) days following the end of each calendar quarter. Grantee shall be allowed to submit or correct any payments that were incorrectly omitted, and shall be refunded any payments that were incorrectly submitted, in connection with the quarterly Franchise fee

remittances within ninety (90) days following the close of the calendar year for which such payments were applicable. In the event any law or valid rule or regulation applicable to this Franchise limits Franchise fees below the five percent (5%) of annual Gross Revenues required herein, Grantee agrees to and shall pay the maximum permissible amount and, if such law or valid rule or regulation is later repealed or amended to allow a higher permissible amount, then the Grantee shall pay the higher amount up to the maximum allowable by law, not to exceed five percent (5%) during all affected time periods.

6.2. *Supporting Information:* Each Franchise fee payment shall be accompanied by a written report prepared by a representative of Grantee showing the basis for the computation in the form attached hereto as Exhibit C. Grantor shall have the right to reasonably request further supporting documentation and information for each Franchise fee payment, subject to the confidentiality provisions in this Agreement; provided that Grantee shall not be required to develop or create reports that are not a part of its normal business procedures and reporting or that have been defined specifically within this Agreement.

6.3. *Acceptance of Payments:* Subject to Section 7.4 below, no acceptance of any payment shall be construed as an accord by Grantor that the amount paid is, in fact, the correct amount, nor shall any acceptance of payments be construed as a release of any claim Grantor may have for further or additional sums payable or for the performance of any other obligation of Grantee.

6.4. *Audit of Franchise Fee Payments:*

6.4.1. Grantor, or its designee, may conduct an audit or other inquiry in relation to payments made by Grantee no more than once every two (2) years during the Term. As a part of the audit process, Grantor or Grantor's designee may inspect Grantee's books of accounts relative to Grantor at any time during regular business hours and after thirty (30) calendar days prior written notice.

6.4.2. All records deemed by Grantor or Grantor's designee to be reasonably necessary for such audit, which shall include, but not be limited to, all records subject to inspection by Grantor pursuant to Section 9.2 herein, shall be made available by Grantee in a mutually agreeable format and location. Grantee agrees to give its full cooperation in any audit and shall provide responses to inquiries within thirty (30) calendar days of a written request. Grantee may provide such responses within a reasonable time after the expiration of the response period above so long as Grantee makes a good faith effort to procure any such tardy response.

6.4.2.1. During any audit period when Grantee has less than 5000 Subscribers, if the results of any audit indicate that Grantee (i) paid the correct Franchise fee, (ii) overpaid the Franchise fee and is entitled to a refund or credit, or (iii) underpaid the Franchise fee by five percent (5%) or less, then Grantor shall pay the costs of the audit. If the results of the audit indicate Grantee underpaid the Franchise fee by more than five percent (5%) during the audit period, then Grantee shall pay the reasonable, documented, third-party costs of the audit up to Ten Thousand Dollars ($10,000) per audit.

6.4.2.2. During any period when Grantee has 5,000 or more Subscribers, if the results of any audit indicate that Grantee (i) paid the correct Franchise fee, (ii) overpaid the Franchise fee and is entitled to a refund or credit, or (iii) underpaid the Franchise fee by three percent (3%) or less, then Grantor shall pay the costs of the audit. If the results of the audit indicate Grantee underpaid the Franchise fee by more than three percent (3%) during the audit period, then Grantee shall pay the reasonable, documented, third-party costs of the audit up to Fifteen Thousand Dollars ($15,000) per audit.

6.4.2.3. Grantor agrees that any audit shall be performed in good faith. If any audit discloses an underpayment of the Franchise fee of any amount, Grantee shall pay Grantor the amount of the underpayment, together with interest as provided in Section 7.7 below. Any auditor employed by Grantor shall not be compensated on a success based formula, e.g., payment based on a percentage on underpayment, if any.

6.5. *Limitation on Franchise Fee Actions*: The period of limitation for recovery of any Franchise fee payable hereunder shall be three (3) years from the date on which payment by Grantee is due.

6.6. *Annual Franchise Fee Report:* Grantee shall, no later than one hundred twenty (120) days after the end of each calendar year, furnish to Grantor an annual summary of Franchise fee calculations, substantially in the form attached hereto as Exhibit C but showing annual rather than quarterly amounts.

6.7. *Interest on Late Payments:* In the event that a Franchise fee payment or other sum is not received by Grantor on or before the due date, or is underpaid, Grantee shall pay in addition to the payment, or sum due, interest from the due date at a rate equal to the statutory interest rate on judgments in the State of Oregon.

6.8 *Payment on Termination:* If this Agreement terminates for any reason, Grantee shall file with Grantor within ninety (90) calendar days of the date of the termination, a financial statement showing the Gross Revenues received by the Grantee since the end of the previous calendar quarter for which Franchise fees were paid. If, within sixty (60) days of providing such financial statement, Grantee has not satisfied all remaining financial obligations to Grantor, Grantor reserves the right to satisfy any remaining financial obligations of the Grantee to Grantor by utilizing the funds available in the Letter of Credit provided by the Grantee under Section 13.6 of this Agreement.

6.9. Costs of Publication: Grantee shall pay the reasonable cost of newspaper notices and publication pertaining to this Agreement, and any amendments thereto, including changes in control or transfers of ownership, as such notice or publication is reasonably required by Grantor under applicable law.

7. **CUSTOMER SERVICE**

7.1. Customer Service Requirements are set forth in Exhibit D, which shall be binding unless amended by written consent of the parties.

7.2. If, at any time during the term of this Franchise, "Effective Competition," as defined by the Communications Act, as the term may be reasonably applied to Grantee, ceases to exist in the Franchise Area, Grantor and Grantee agree to enter into good faith negotiations to determine if there is a need for additional customer service requirements. Grantor and Grantee shall enter into such negotiations within forty-five (45) days following a request for negotiations by Grantee after the cessation of "Effective Competition" as described above.

8. REPORTS AND RECORDS

8.1. *Open Books and Records*: Upon reasonable written notice to Grantee and with no less than thirty (30) days written notice to Grantee, Grantor shall have the right to inspect Grantee's books and records pertaining to Grantee's provision of Cable Service in the Franchise Area at any time during weekday business hours and on a nondisruptive basis at a mutually agreed location, as are reasonably necessary to ensure compliance with the terms of this Franchise. Such notice shall specifically reference the section or subsection of the Franchise which is under review, so that Grantee may organize the necessary books and records for appropriate access by Grantor. Grantee shall not be required to maintain any books and records for Franchise compliance purposes longer than three (3) years. Grantee shall not be required to provide Subscriber information in violation of Section 631 of the Communications Act, 47 U.S.C. §551. If any books, records, maps, plans or other requested documents are too voluminous, not available locally, or for security reasons cannot be copied and moved, then the Grantee may request that the inspection take place at a location mutually agreed to by Grantor and the Grantee, provided that the Grantee must pay all reasonable travel expenses incurred by Grantor in inspecting those documents or having the documents inspected by its designee, above those that would have been incurred had the documents been produced in Grantee's Title II service territory in the Portland metropolitan area.

8.2. *Proprietary Books and Records*: If the Grantee believes that the requested information is confidential and proprietary, the Grantee must provide the following documentation to Grantor: (i) specific identification of the information; and (ii) statement attesting to the reason(s) Grantee believes the information is confidential. The Grantor shall take reasonable steps to protect the proprietary and confidential nature of any books, records, Franchise Area maps, plans, or other documents requested by Grantor that are provided pursuant to this Agreement to the extent they are designated as such by the Grantee, consistent with the Oregon Public Records Law. Should Grantor be required under state law to disclose information derived from Grantee's books and records, Grantor agrees that it shall provide Grantee with reasonable notice and an opportunity to seek appropriate protective orders prior to disclosing such information. Notwithstanding anything to the contrary set forth herein, Grantee shall not be required to disclose any of its or an Affiliate's books and records not relating to the provision of Cable Service in the Franchise Area, or any confidential information relating to such Cable Service where the Grantor and/or Affected Jurisdictions cannot lawfully protect the confidentiality of the information.

8.3. Records Required: Grantee shall maintain:

8.3.1. Records of all written complaints for a period of three (3) years after receipt by Grantee. The term "complaint" as used herein refers to complaints about any

aspect of the Cable System or Grantee's cable operations, including, without limitation, complaints about employee courtesy. Complaints recorded will not be limited to complaints requiring an employee service call;

8.3.2. Records of outages for a period of three (3) years after occurrence, indicating date, duration, area, and the number of Subscribers affected, type of outage, and cause;

8.3.3. Records of service calls for repair and maintenance for a period of three (3) years after resolution by Grantee, indicating the date and time service was required, the date of acknowledgment and date and time service was scheduled (if it was scheduled), and the date and time service was provided, and (if different) the date and time the problem was resolved;

8.3.4. Records of installation/reconnection and requests for service extension for a period of three (3) years after the request was fulfilled by Grantee, indicating the date of request, date of acknowledgment, and the date and time service was extended; and

8.3.5. A public file showing the area of coverage for the provisioning of Cable Services and estimated timetable to commence providing Cable Service.

8.4. *Additional Requests*: The Grantor shall have the right to request in writing such information as is appropriate and reasonable to determine whether Grantee is in compliance with applicable Customer Service Standards, as referenced in Exhibit D. Grantee shall provide Grantor with such information in such format as Grantee customarily prepares reports. Grantee shall fully cooperate with Grantor and shall provide such information and documents as necessary and reasonable for the Grantor to evaluate compliance, subject to Section 9.6.

8.5. *Copies of Federal and State Documents*: Upon request, Grantee shall submit to the Grantor a list, or copies of actual documents, of all pleadings, applications, notifications, communications and documents of any kind, submitted by Grantee or its parent corporations or Affiliates to any federal, state or local courts, regulatory agencies or other government bodies if such documents specifically relate to the Grantee's provision of Cable Services within the Franchise Area. Grantee shall submit such list or documents to the Grantor no later than thirty (30) days after receiving the request for such documents. Grantee shall not claim confidential, privileged or proprietary rights to such documents unless under federal, state, or local law such documents have been determined to be confidential by a court of competent jurisdiction, or a federal or state agency or a request for confidential treatment is pending. To the extent allowed by law, any such confidential material determined to be exempt from public disclosure shall be retained in confidence by the Grantor and its duly authorized agents and shall not be made available for public inspection.

8.6. *Report Expense*: All reports and records required under this or any other Section shall be furnished, without cost, to Grantor. Grantee shall not be required to develop or create reports that are not a part of its normal business procedures and reporting or that have not been defined specifically within this Section 8 in order to meet the requirements of this Section 8.

9. INSURANCE AND INDEMNIFICATION

9.1. *Insurance*:

9.1.1. Grantee shall maintain in full force and effect, at its own cost and expense, during the Franchise Term, the following insurance coverage:

9.1.1.1. Commercial General Liability Insurance in the amount of Three Million Dollars ($3,000,000) combined single limit for property damage and bodily injury; one million dollar ($1,000,000) limit for broadcaster's liability. Such insurance shall cover the construction, operation and maintenance of the Cable System, and the conduct of Grantee's Cable Service business in the Franchise Area.

9.1.1.2. Automobile Liability Insurance in the amount of Two Million Dollars ($2,000,000) combined single limit for bodily injury and property damage coverage.

9.1.1.3. Workers' Compensation Insurance meeting all legal requirements of the State of Oregon.

9.1.1.4. Employers' Liability Insurance in the following amounts: (A) Bodily Injury by Accident: $100,000; and (B) Bodily Injury by Disease: $100,000 employee limit; $2,000,000 policy limit.

9.1.2. Grantor and Affected Jurisdictions shall be designated as additional insureds under each of the insurance policies required in this Section 10 except Worker's Compensation and Employer's Liability Insurance.

9.1.3. Grantee shall not cancel any required insurance policy without obtaining alternative insurance in conformance with this Agreement.

9.1.4. Each of the required insurance policies shall be with sureties qualified to do business in the State of Oregon, with an A- or better rating for financial condition and financial performance by Best's Key Rating Guide, Property/Casualty Edition.

9.1.5. Upon written request, Grantee shall deliver to Grantor Certificates of Insurance showing evidence of the required coverage.

9.2. *Indemnification:* General Indemnification. Grantee shall indemnify, defend and hold harmless the Grantor, its officers, agents, boards and employees, from any liability for claims, damages, costs or expenses, including court and appeal costs and reasonable attorney fees or expenses, arising from any casualty or accident to person or property, including, without limitation: copyright infringement; defamation; damages arising out of or by reason of any construction, excavation, operation, maintenance, reconstruction or any other act done under this Franchise, by or for Grantee, its agents, or its employees; or by reason of any neglect or omission of Grantee to keep its system in a safe condition. Grantee's indemnification obligation shall not extend to liability directly arising out of any negligence or willful misconduct by the Grantor or its officers, agents, boards or employees. The Grantor shall provide Grantee prompt

notice of any such claim which Grantee shall defend with counsel of its own choosing and no settlement or compromise of any such claim will be done without the prior written approval of the Grantor which approval shall not be unreasonably withheld. Grantee shall consult and cooperate with the Grantor while conducting its defense of the Grantor and the Grantor shall fully cooperate with the Grantee.

9.3 *Defense of the Franchise.* Grantee agrees and covenants to indemnify, defend and hold the Grantor, its officers, agents and employees, harmless from injury, damage, loss, liability, reasonable cost or expense, including expert witnesses and other consultants, court and appeal costs and reasonable attorney fees or expenses, arising from or in any way related to the grant of, or terms of, this Franchise. This agreement to indemnify, defend and hold harmless encompasses, but is not limited to, injury, damages, losses, liabilities, costs or expenses, including expert witnesses and other consultants, court and appeals costs and reasonable attorney fees and expenses that in any way arise in connection with a claim or defense that the Grantor: (1) lacked authority under federal or state law, its charters, city codes or ordinances in granting this Franchise; (2) acted in any disparate or discriminatory manner against any incumbent franchisee or permittee in granting this Franchise; (3) granted this Franchise in violation of any contractual rights belonging to any incumbent franchisee or permittee.

10. TRANSFER OF FRANCHISE

10.1. Subject to Section 617 of the Communications Act, 47 U.S.C. § 537, no "Transfer of the Franchise" shall occur without the prior consent of Affected Jurisdictions, provided that such consent shall not be unreasonably withheld, delayed or conditioned. No such consent shall be required, however, for a transfer in trust, by mortgage, by other hypothecation, by assignment of any rights, title, or interest of Grantee in the Franchise or Cable System in order to secure indebtedness, or otherwise excluded under this Section 11.

10.2. A "Transfer of the Franchise" shall mean any transaction in which:

10.2.1. an ownership or other interest in Grantee is transferred, directly or indirectly, from one Person or group of Persons to another Person or group of Persons, so that control of Grantee is transferred; or

10.2.2. The rights held by Grantee under the Franchise are transferred or assigned to another Person or group of Persons.

However, notwithstanding Subsections 10.2.1 and 10.2.2, a Transfer of the Franchise shall not include transfer of an ownership or other interest in Grantee to the parent of Grantee or to another Affiliate of Grantee; transfer of an interest in the Franchise or the rights held by Grantee under the Franchise to the parent of Grantee or to another Affiliate of Grantee; any action which is the result of a merger of the parent of Grantee; or any action which is the result of a merger of another Affiliate of Grantee. The parent of Grantee is shown in Exhibit E.

10.3. Grantee shall make a written request ("Request") to Grantor and Affected Jurisdictions for approval of any Transfer of the Franchise and furnish all information required by law and/or reasonably requested by Grantor and Affected Jurisdictions in respect to its

consideration of a proposed Transfer of the Franchise. Affected Jurisdictions shall render a final written decision on the Request within one hundred twenty (120) days of the Request, provided it has received all requested information. Subject to the foregoing, if the Member Jurisdictions fail to render a written decision on the Request within one hundred twenty (120) days, the Request shall be deemed granted unless Grantee and Affected Jurisdictions agree to an extension of time.

10.4. In reviewing a Request related to a Transfer of the Franchise, Grantor and Affected Jurisdictions may inquire into the legal, technical and financial qualifications of the prospective transferee, and Grantee shall assist Grantor and Affected Jurisdictions in so inquiring. Affected Jurisdictions may condition said Transfer of the Franchise upon such terms and conditions as they deem reasonably appropriate, provided, however, any such terms and conditions so attached shall be related to the legal, technical, and financial qualifications of the prospective or transferee and to the resolution of outstanding and unresolved issues of Grantee's noncompliance with the terms and conditions of this Agreement.

10.5. The consent or approval of Affected Jurisdictions to any Request by the Grantee shall not constitute a waiver or release of any rights of Affected Jurisdictions, and any transferee shall be expressly subordinate to the terms and conditions of this Agreement.

10.6. Notwithstanding the foregoing, the parties agree that the Affected Jurisdictions' consent and/or approval to any transfer or assignment of any rights, title, or interest of Grantee to any Person shall not be required where Qwest Broadband Services, Inc. or its lawful successor which is not a third party transferee remains the Grantee following any such transfer or assignment.

11. RENEWAL OF FRANCHISE

11.1. The parties agree that any proceedings undertaken by Grantor and Affected Jurisdictions that relate to the renewal of this Franchise shall be governed by and comply with the provisions of Section 626 of the Communications Act, 47 U.S.C. § 546.

11.2 In addition to the procedures set forth in said Section 626 of the Communications Act, Grantor agrees to notify Grantee of all of its assessments regarding the identity of future cable-related community needs and interests, as well as the past performance of Grantee under the then current Franchise term. Grantor further agrees that such assessments shall be provided to Grantee promptly so that Grantee has adequate time to submit a proposal under Section 626 and complete renewal of the Franchise prior to expiration of its term.

12. ENFORCEMENT AND TERMINATION OF FRANCHISE

12.1. *Notice of Violation*: In the event Grantor believes that Grantee has failed to perform any obligation under this Agreement or has failed to perform in a timely manner, Grantor shall informally discuss the matter with Grantee. If these discussions do not lead to resolution of the problem, Grantor shall notify Grantee in writing, stating with reasonable specificity the nature of the alleged violation.

12.2. *Grantee's Right to Cure or Respond:* Grantee shall have thirty (30) days from receipt of the written notice described in Section 13.1 to: (i) respond to Grantor, contesting (in whole or in part) Grantor's assertion that a violation has occurred, and requesting a hearing in accordance with subsection 13.3 below; (ii) cure the violation; or (iii) notify Grantor that Grantee cannot cure the violation within the thirty (30) days, and notify the Grantor in writing of what steps Grantee shall take to cure the violation including Grantee's projected completion date for such cure. The procedures provided in Section 13.4 shall be utilized to impose any fines. The date of violation will be the date of the event and not the date Grantee receives notice of the violation provided, however, that if Grantor has actual knowledge of the violation and fails to give the Grantee the notice called for herein, then the date of the violation shall be no earlier than ten (10) business days before the Grantor gives Grantee the notice of the violation.

12.2.1. In the event that the Grantee notifies the Grantor that it cannot cure the violation within the thirty (30) day cure period, Grantor shall, within thirty (30) days of Grantor's receipt of such notice, set a hearing.

12.2.2. In the event that the Grantee fails to cure the violation within the thirty (30) day basic cure period, or within an extended cure period approved by the Grantor pursuant to subsection 13.2(iii), the Grantor shall set a hearing to determine what fines, if any, shall be applied.

12.2.3. In the event that the Grantee contests the Grantor's assertion that a violation has occurred, and requests a hearing in accordance with subsection 13.2(i) above, the Grantor shall set a hearing within sixty (60) days of the Grantor's receipt of the hearing request to determine whether the violation has occurred, and if a violation is found, what fines shall be applied.

12.3. *Public Hearing*: In the case of any hearing pursuant to section 13.2 above, Grantor shall provide reasonable notice to Grantee of the hearing in writing. At the hearing Grantee shall be provided an opportunity to be heard, to examine Grantor's witnesses, and to present evidence in its defense. The Grantor may also hear any other person interested in the subject, and may provide additional hearing procedures as Grantor deems appropriate.

12.3.1. If, after the hearing, Grantor determines that a violation exists, Grantor may use one of the following remedies:

12.3.1.1. Order Grantee to correct or remedy the violation within a reasonable time frame as Grantor shall determine;

12.3.1.2. Establish the amount of fine set forth in Section 13.5, taking into consideration the criteria provided for in subsection 13.4 of this Agreement as appropriate in Grantor's discretion; or

12.3.1.3. Pursue any other legal or equitable remedy available under this Agreement or any applicable law; or

12.3.1.4. In the case of a substantial material default of a material provision of the Franchise, seek to revoke the Franchise in accordance with Section 12.7.

12.4. *Reduction of Fines:* The fines set forth in Section 12.5 of this Agreement may be reduced at the discretion of the Grantor, taking into consideration the nature, circumstances, extent and gravity of the violation as reflected by one or more of the following factors:

12.4.1. Whether the violation was unintentional;

12.4.2. The nature of the harm which resulted;

12.4.3. Whether there is a history of prior violations of the same or other requirements;

12.4.4. Whether there is a history of overall compliance, and/or;

12.4.5. Whether the violation was voluntarily disclosed, admitted or cured.

12.5. *Fine Schedule*:

12.5.1. For violating telephone answering standards set forth in Exhibit D, Section 2.D for a quarterly measurement period, unless the violation has been cured, fines shall be as set forth below. A cure is defined as meeting the telephone answering standards for two consecutive quarterly measurement periods.

Quarterly Telephone Answer Time Fines

	1st Violation	2nd Violation	3rd Violation
Quarterly Fine	$ 2,000*	$ 4,000*	$ 6,000*

* If after forty-two (42) months, no fines have been assessed for violations of call answer time standards, these fines shall be reduced by fifty percent (50%).

12.5.2. For all other violations of this Agreement, the fine shall be $250 per day.

12.5.3. Total fines shall not exceed Twenty-Five Thousand Dollars ($25,000) in any twelve-month period.

12.5.4. If Grantor elects to assess a fine pursuant to this Section, such election shall constitute Grantor's exclusive remedy for the violation for which the fine was assessed for a period of sixty (60) days. Thereafter, the remedies provided for in this Agreement are cumulative and not exclusive; the exercise of one remedy shall not prevent the exercise of

another remedy, or the exercise of any rights of the Grantor at law or equity, provided that the cumulative remedies may not be disproportionate to the magnitude and severity of the breach for which they are imposed.

12.6. *Letter of Credit*: Grantee shall provide a letter of credit in the amount of Twenty Thousand Dollars ($20,000) as security for the faithful performance by Grantee of all material provisions of this Agreement.

12.7. *Revocation*: Should Grantor seek to revoke the Franchise after following the procedures set forth in Sections 13.1 through 13.5 above, Grantor shall give written notice to Grantee of its intent. The notice shall set forth the exact nature of the noncompliance. Grantee shall have ninety (90) days from such notice to object in writing and to state its reasons for such objection. In the event Grantor has not received a satisfactory response from Grantee, it may then seek termination of the Franchise at a public hearing. Grantor shall cause to be served upon Grantee, at least thirty (30) days prior to such public hearing, a written notice specifying the time and place of such hearing and stating its intent to revoke the Franchise.

12.7.1. At the designated hearing, Grantee shall be provided a fair opportunity for full participation, including the right to be represented by legal counsel, to introduce relevant evidence, to require the production of evidence, to compel the relevant testimony of the officials, agents, employees or consultants of Grantor, to compel the testimony of other persons as permitted by law, and to question and/or cross examine witnesses. A complete verbatim record and transcript shall be made of such hearing.

12.7.2. Following the public hearing, Grantee shall be provided up to thirty (30) days to submit its proposed findings and conclusions in writing and thereafter Grantor shall determine (i) whether an event of default has occurred; (ii) whether such event of default is excusable; and (iii) whether such event of default has been cured or will be cured by Grantee. Grantor shall also determine whether to revoke the Franchise based on the information presented, or, where applicable, grant additional time to Grantee to effect any cure. If Grantor determines that the Franchise shall be revoked, Grantor shall promptly provide Grantee with a written decision setting forth its reasoning. Grantee may appeal such determination of Grantor to an appropriate court, which shall have the power to review the decision of Grantor *de novo*. Grantee shall be entitled to such relief as the court finds appropriate. Such appeal must be taken within sixty (60) days of Grantee's receipt of the determination of the Grantor.

12.7.3. Grantor may, at its sole discretion, take any lawful action which it deems appropriate to enforce Grantor's rights under the Franchise in lieu of revocation of the Franchise.

12.8. *Limitation on Grantor Liability*: The parties agree that the limitation of Grantor liability set forth in 47 U.S.C. §555a is applicable to this Agreement.

13. **MISCELLANEOUS PROVISIONS**

13.1. *Actions of Parties*: In any action by Grantor or Grantee that is mandated or permitted under the terms hereof, such party shall act in a reasonable, expeditious, and timely

manner. Furthermore, in any instance where approval or consent is required under the terms hereof, such approval or consent shall not be unreasonably withheld, delayed or conditioned.

13.2. *Binding Acceptance*: This Agreement shall bind and benefit the parties hereto and their respective heirs, beneficiaries, administrators, executors, receivers, trustees, successors and assigns, and the promises and obligations herein shall survive the expiration date hereof.

13.3. *Preemption:* In the event that federal or state law, rules, or regulations preempt a provision or limit the enforceability of a provision of this Agreement, the provision shall be read to be preempted to the extent, and for the time, but only to the extent and for the time, required by law. In the event such federal or state law, rule or regulation is subsequently repealed, rescinded, amended or otherwise changed so that the provision hereof that had been preempted is no longer preempted, such provision shall thereupon return to full force and effect, and shall thereafter be binding on the parties hereto, without the requirement of further action on the part of Grantor.

13.4. *Force Majeure*: Grantee shall not be held in default under, or in noncompliance with, the provisions of the Franchise, nor suffer any enforcement or penalty relating to noncompliance or default, where such noncompliance or alleged defaults occurred or were caused by a Force Majeure.

13.4.1. Furthermore, the parties hereby agree that it is not the Grantor's intention to subject Grantee to penalties, fines, forfeitures or revocation of the Franchise for violations of the Franchise where the violation was a good faith error that resulted in no or minimal negative impact on Subscribers, or where strict performance would result in practical difficulties and hardship being placed upon Grantee which outweigh the benefit to be derived by Grantor and/or Subscribers.

13.5. *Notices:* Unless otherwise expressly stated herein, notices required under the Franchise shall be mailed first class, postage prepaid, to the addressees below. Each party may change its designee by providing written notice to the other party.

13.5.1. Notices to Grantee shall be mailed to:

Qwest Broadband Services, Inc., d/b/a CenturyLink
1801 California Street, 10th Floor
Denver, CO 80202
ATTN: Public Policy

with a copy to:
Qwest Broadband Services, Inc. d/b/a CenturyLink
310 SW Park, 11th floor
Portland, OR
ATTN: Public Policy

13.5.2. Notices to the Grantor shall be mailed to:

MACC Administrator
Metropolitan Area Communications Commission
15201 NW Greenbrier Parkway, Suite C-1
Beaverton, OR 97006

13.6. *Entire Agreement*: This Franchise and the Exhibits hereto constitute the entire agreement between Grantee and Grantor, and it supersedes all prior or contemporaneous agreements, representations or understanding of the parties regarding the subject matter hereof. Any ordinances or parts of ordinances that conflict with the provisions of this Agreement are superseded by this Agreement.

13.7. *Amendments:* Amendments to this Franchise shall be mutually agreed to in writing by the parties.

13.8. *Captions:* The captions and headings of articles and sections throughout this Agreement are intended solely to facilitate reading and reference to the sections and provisions of this Agreement. Such captions shall not affect the meaning or interpretation of this Agreement.

13.9. *Severability*: If any section, subsection, sentence, paragraph, term, or provision hereof is determined to be illegal, invalid, or unconstitutional, by any court of competent jurisdiction or by any state or federal regulatory authority having jurisdiction thereof, such determination shall have no effect on the validity of any other section, subsection, sentence, paragraph, term or provision hereof, all of which will remain in full force and effect for the term of the Franchise.

13.10. *Recitals:* The recitals set forth in this Agreement are incorporated into the body of this Agreement as if they had been originally set forth herein.

13.11. *Modification:* This Franchise shall not be modified except by written instrument executed by both parties.

13.12. *Independent Legal Advice:* Grantor and Grantee each acknowledge that they have received independent legal advice in entering into this Agreement. In the event that a dispute arises over the meaning or application of any term(s) of this Agreement, such term(s) shall not be construed by the reference to any doctrine calling for ambiguities to be construed against the drafter of the Agreement.

13.13. *Grantor Authority:* Grantor represents and warrants that it is authorized to enter into this Agreement on behalf of its Affected Jurisdictions pursuant an Intergovernmental Cooperation Agreement originating in 1980 and in effect in its current form since February 13, 2003, and that the party signing below is authorized to execute this Agreement on behalf of the Affected Jurisdictions following certification that the governing bodies of each of the Affected Jurisdictions have approved this Agreement as required by Section 4.E of the Intergovernmental Cooperation Agreement.

13.14. *Grantee Authority:* Grantee represents and warrants that it is authorized to enter into this Agreement and that the party signing below is authorized to execute this Agreement.

AGREED TO THIS _____ DAY OF _____, 2015.

METROPOLITAN AREA COMMUNICATIONS COMMISSION

By: _____
Administrator

By: _____
[Title]

EXHIBITS

Exhibit A: Franchise Area

Exhibit B: Live Origination Points

Exhibit C: Quarterly Franchise Fee Remittance Form

Exhibit D: Customer Service Standards

Exhibit E: Franchise Parent Structure as of May 1, 2015

Exhibit F: Quarterly Customer Service Standards Performance Report

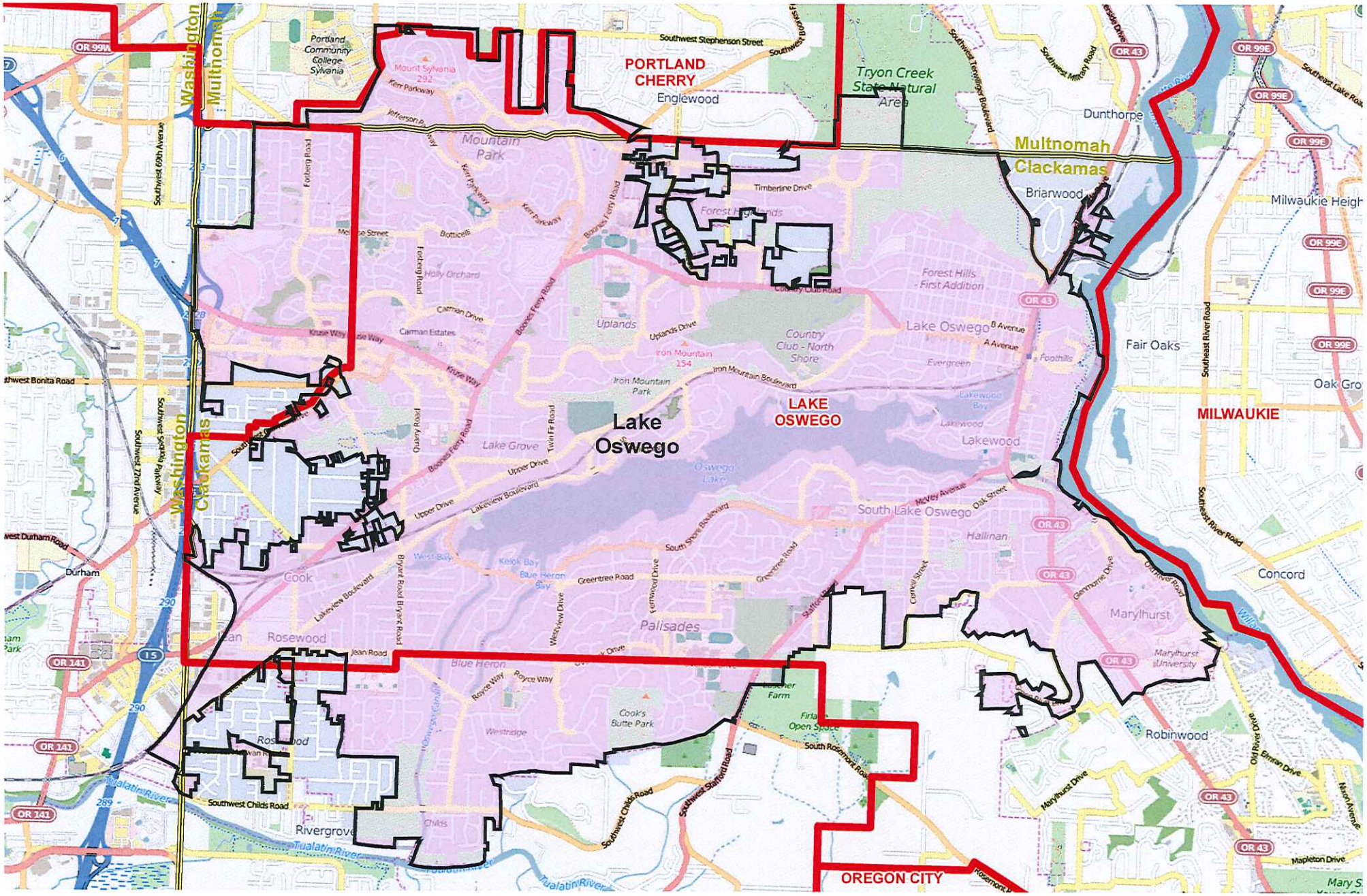
EXHIBIT A

FRANCHISE AREA MAPS

Lake Oswego, Oregon

CenturyLink

City County CenturyLink Wirecenter

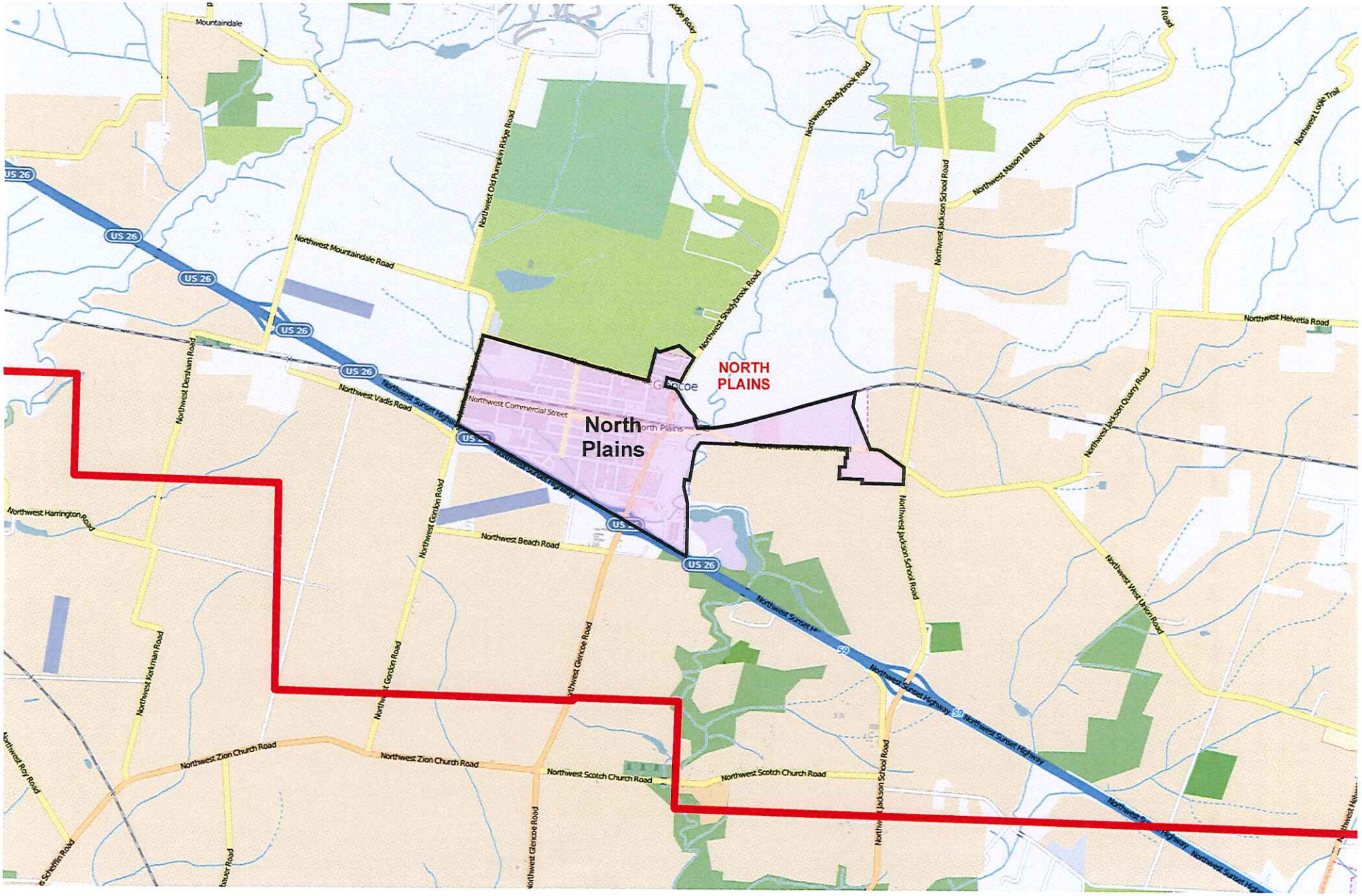


rtions of the map data are ©2006-2014 TomTom and portions of the map data are ©2015 CenturyLink

North Plains, Oregon

CenturyLink

City | County | CenturyLink Wirecenter

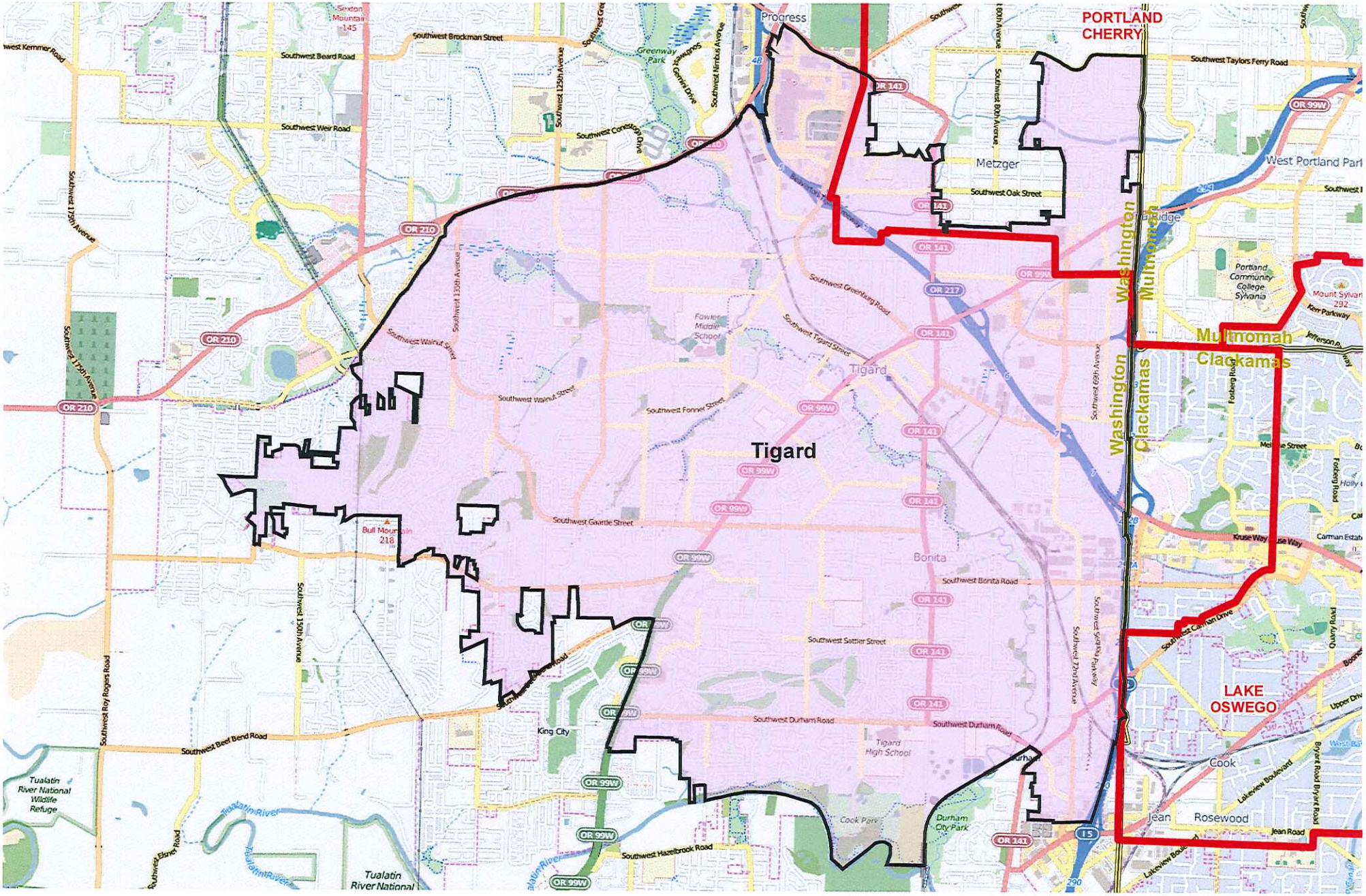


...tions of the map data are ©2006-2014 TomTom and portions of the map data are ©2015 CenturyLink

Tigard, Oregon

CenturyLink

City | County | CenturyLink Wirecenter

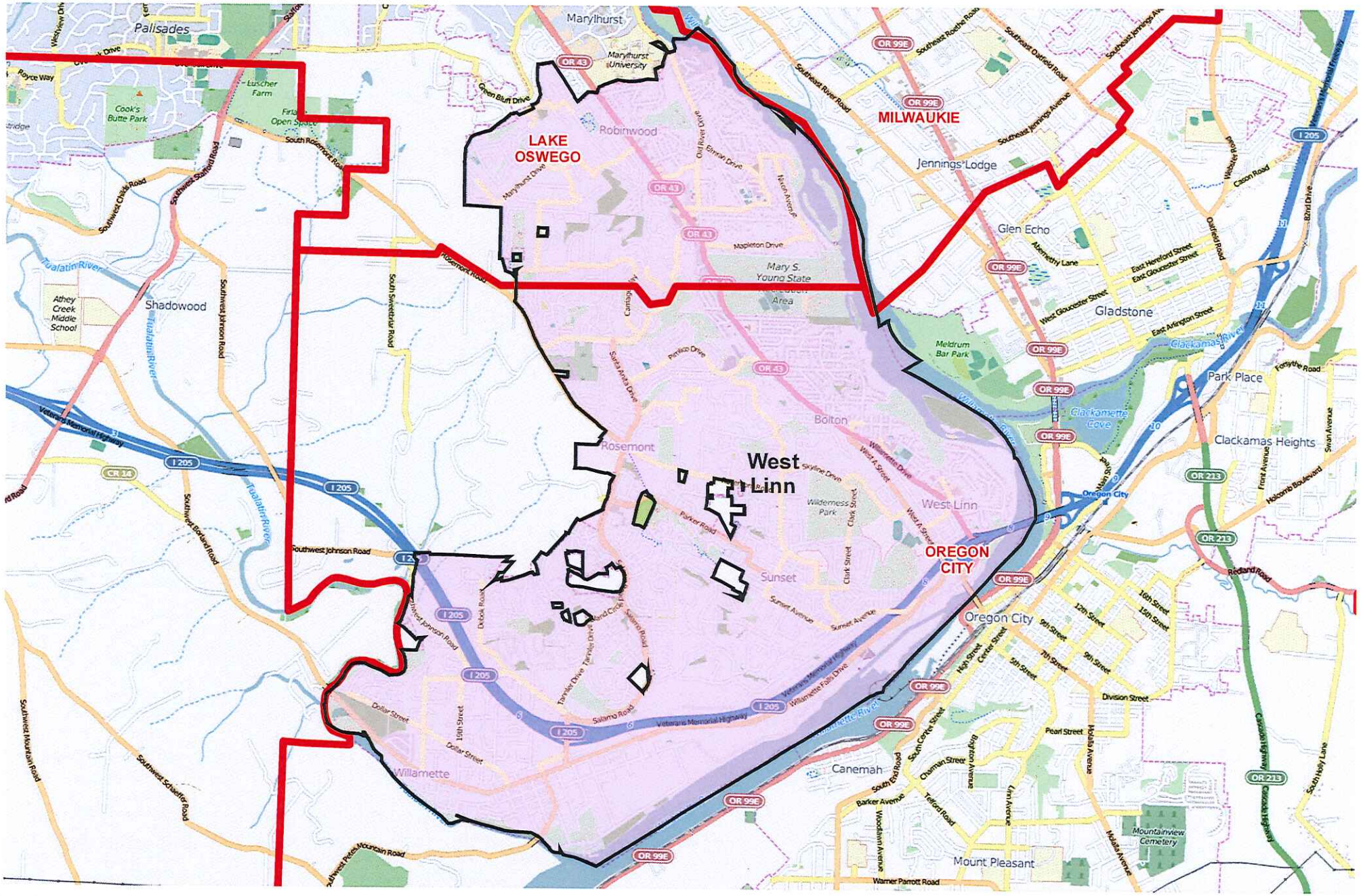


rtions of the map data are ©2006-2014 TomTom and portions of the map data are ©2015 CenturyLink

West Linn, Oregon

CenturyLink

City | County | CenturyLink Wirecenter

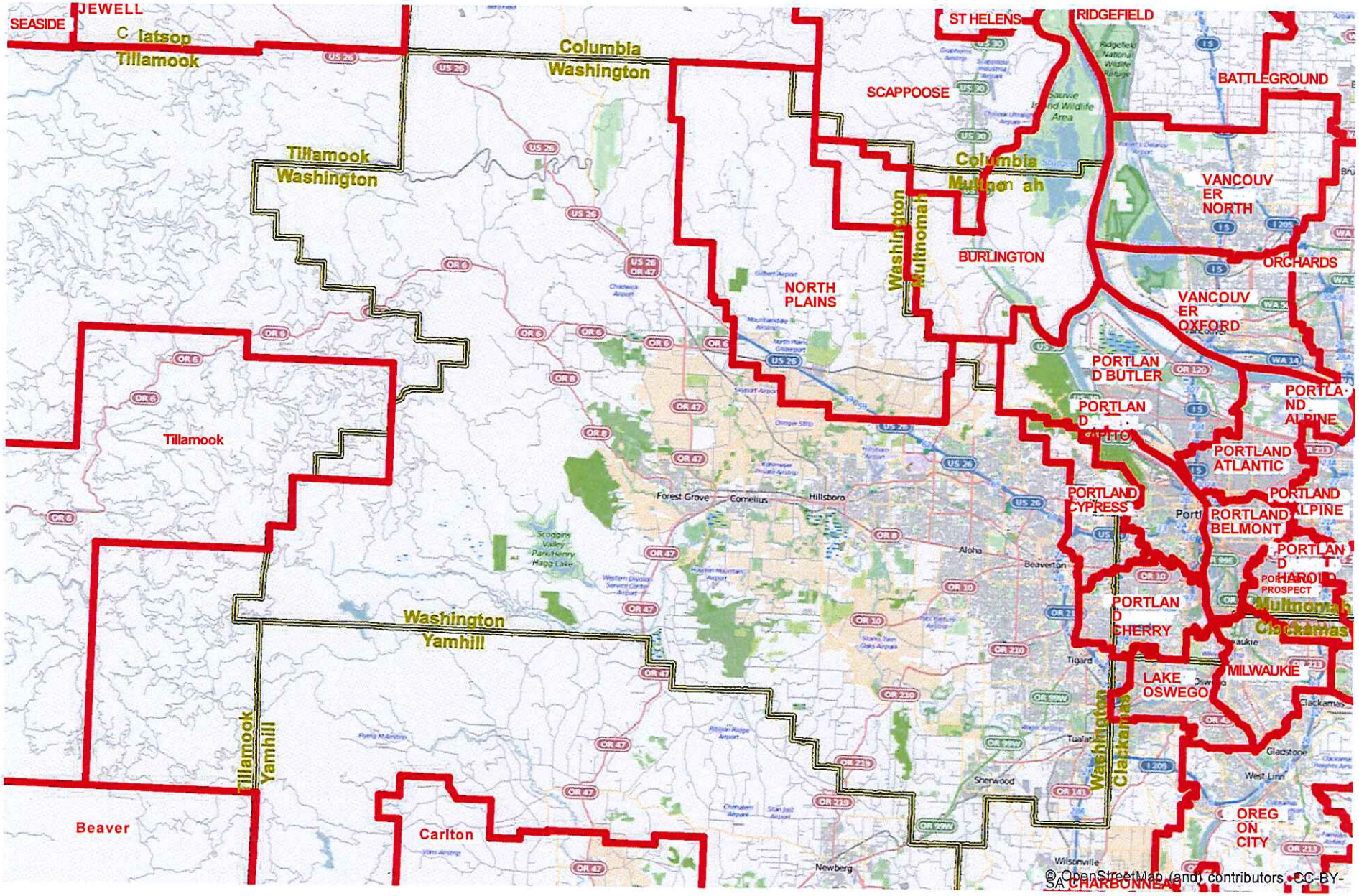


tions of the map data are ©2006-2014 TomTom and portions of the map data are ©2015 CenturyLink

Washington County, Oregon

CenturyLink®

County CenturyLink Wirecenter



Portions of the map data are ©2006-2014 TomTom and portions of the map data are ©2015 CenturyLink. 10 March, 2015
Boundaries are approximate. For verification of unique addresses or locations, contact your local CenturyLink representative. Prepared by Jacob Barlow

EXHIBIT B

ORIGINATION POINTS

West Linn Wilsonville School District 3JT Office

22210 SW Stafford Road

Tualatin, OR 97062

Clackamas Community College

19600 Molalla Ave

Oregon City, OR 97045

EXHIBIT C

QUARTERLY FRANCHISE FEE REMITTANCE FORM

MACC
FRANCHISE FEE SCHEDULE/REPORT

For the Quarter Ending _____

	Month 1	Month 2	Month 3
1 Monthly Recurring Cable Service Charges (e.g., Basic, Enhanced Basic, Premium and Equipment Rental)			
2 Usage Based Charges (e.g., Pay Per View, Installation)			
3 Other Misc. (e.g., Late Charges, Advertising, Leased Access)			
4 Franchise Fees Collected			
Less:			
1 Sales Tax Collected	$	$	$
2 Uncollectibles			
Total Receipts Subject to Franchise Fee Calculation			
Franchise Fee Rate 5%			
Franchise Fee Due			
	Quarter Franchise Fee _____		

Monthly PEG Grant Collection

Quarterly PEG Grant Remission $_____

EXHIBIT D

CUSTOMER SERVICE STANDARDS

These standards shall apply to Grantee to the extent it is providing Cable Services over the Cable System in the Franchise area. However, for the first three (3) months after the Effective Date, Grantee shall not be required to provide reports under this Agreement and, for the first six (6) months after the Effective Date, Grantor will not impose fines if Grantee fails to meet the customer service standards set forth in this Agreement. This Section sets forth the minimum customer service standards that the Grantee must satisfy.

SECTION 1: DEFINITIONS

A. Normal Operating Conditions: Those service conditions which are within the control of Grantee, as defined under 47 C.F.R. § 76.309(c)(4)(ii). Those conditions which are not within the control of Grantee include, but are not limited to, natural disasters, civil disturbances, power outages, telephone network outages, and severe or unusual weather conditions. Those conditions which are ordinarily within the control of Grantee include, but are not limited to, special promotions, pay-per-view events, rate increases, regular peak or seasonal demand periods, and maintenance or rebuild of the Cable System.

B. Respond: The start of Grantee's investigation of a Service Interruption by receiving a Subscriber call, and opening a trouble ticket, and begin working, if required.

C. Service Call: The action taken by Grantee to correct a Service Interruption the effect of which is limited to an individual Subscriber.

D. Service Interruption: The loss of picture or sound on one or more cable channels.

E. Significant Outage: A significant outage of the Cable Service shall mean any Service Interruption lasting at least four (4) continuous hours that affects at least ten percent (10%) of the Subscribers in the Franchise Area.

SECTION 2: TELEPHONE AVAILABILITY

A. Grantee shall maintain a toll-free number to receive all calls and inquiries from Subscribers in the Franchise Area and/or residents regarding Cable Service. Grantee representatives trained and qualified to answer questions related to Cable Service in the Franchise Area must be available to receive reports of Service Interruptions twenty-four (24) hours a day, seven (7) days a week, and such representatives shall be available to receive all other inquiries at least forty-five (45) hours per week including at least one night per week and/or some weekend hours. Grantee representatives shall identify themselves by name when answering this number.

B. Century Link's telephone numbers shall be listed, with appropriate description (e.g. administration, customer service, billing, repair, etc.), in the directory published by the local telephone company or companies serving the Franchise Area, beginning with the next publication cycle after acceptance of this Franchise by Franchisee.

C. Grantee may use an Automated Response Unit ("ARU") or a Voice Response Unit ("VRU") to distribute calls. If a foreign language routing option is provided, and the Subscriber does not enter an option, the menu will default to the first tier menu of English options.

After the first tier menu (not including a foreign language rollout) has run through three times, if customers do not select any option, the ARU or VRU will forward the call to a queue for a live representative. Grantee may reasonably substitute this requirement with another method of handling calls from customers who do not have touch-tone telephones.

D. Under Normal Operating Conditions, calls received by the Grantee shall be answered within thirty (30) seconds. The Grantee shall meet this standard for ninety percent (90%) of the calls it receives at call centers receiving calls from Subscribers, as measured on a cumulative quarterly calendar basis. Measurement of this standard shall include all calls received by the Grantee at all call centers receiving calls from Subscribers, whether they are answered by a live representative, by an automated attendant, or abandoned after 30 seconds of call waiting. If the call needs to be transferred, transfer time shall not exceed thirty (30) seconds.

E. Under Normal Operating Conditions, callers to the Grantee shall receive a busy signal no more than three (3%) percent of the time during any calendar quarter.

F. Forty-five (45) days following the end of each quarter, the Grantee shall report to Grantor, using the form shown in Exhibit F, the following for all call centers receiving calls from Subscribers except for temporary telephone numbers set up for national promotions:

(1) Percentage of calls answered within thirty (30) seconds as set forth in Subsection 2.D; and

(2) Percentage of time customers received a busy signal when calling the Grantee's service center as set forth in Subsection 2.E.

G. At the Grantee's option, the measurements and reporting above may be changed from calendar quarters to billing or accounting quarters one time during the term of this Agreement. Grantee shall notify Grantor of such a change not less than thirty (30) days in advance.

SECTION 3: INSTALLATIONS AND SERVICE APPOINTMENTS

A. All installations will be in accordance with FCC rules, including but not limited to, appropriate grounding, connection of equipment to ensure reception of Cable Service, and the provision of required consumer information and literature to adequately inform the Subscriber in the utilization of Grantee-supplied equipment and Cable Service.

B. Installations to Qualified Living Units shall be performed within seven (7) business days
after an order is placed Grantee shall meet this standard for ninety-five percent (95%) of the installations it performs, as measured on a calendar quarter basis, excluding those requested by the customer outside of the seven (7) day period.

C. Grantee shall provide Grantor with a report forty-five (45) days following the end of the quarter, noting the percentage of installations completed within the seven (7) day period, excluding those requested outside of the seven (7) day period by the Subscriber. Subject to consumer privacy requirements, underlying activity will be made available to Grantor for review upon reasonable request.

D. At Grantee's option, the measurements and reporting above may be changed from calendar quarters to billing or accounting quarters one time during the term of this Agreement. Grantee shall notify Grantor of such a change not less than thirty (30) days in advance.

E. Grantee will offer Subscribers "appointment window" alternatives for arrival to perform installations, Service Calls and other activities of a maximum four (4) hours scheduled time block during appropriate daylight available hours, usually beginning at 8:00 AM unless it is deemed appropriate to begin earlier by location exception. At Grantee's discretion, Grantee may offer Subscribers appointment arrival times other than these four (4) hour time blocks, if agreeable to the Subscriber.

(1) Grantee may not cancel an appointment window with a customer after the close of business on the business day prior to the scheduled appointment.

(2) If Grantee's representative is running late for an appointment with a customer and will not be able to keep the appointment as scheduled, the customer will be contacted. The appointment will be rescheduled, as necessary, at a time which is convenient for the customer.

F. Grantee must provide for the pick up or drop off of equipment free of charge in one of the following manners: (i) by having a Grantee representative going to the Subscriber's residence, (ii) by using a mailer, or (iii) by establishing a conveniently located local business office . If requested by a mobility-limited customer, the Grantee shall arrange for pickup and/or replacement of converters or other Grantee equipment at Subscriber's address or by a satisfactory equivalent.

SECTION 4: SERVICE INTERRUPTIONS AND OUTAGES

A. Grantee shall promptly notify Grantor of any Significant Outage of the Cable Service.

B. Grantee shall exercise commercially reasonable efforts to limit any Significant Outage for the purpose of maintaining, repairing, or constructing the Cable System. Except in an emergency or other situation necessitating a more expedited or alternative notification procedure,

Grantee may schedule a Significant Outage for a period of more than four (4) hours during any twenty-four (24) hour period only after Grantor and each affected Subscriber in the Franchise Area have been given fifteen (15) days prior notice of the proposed Significant Outage. Notwithstanding the foregoing, Grantee may perform modifications, repairs and upgrades to the System between 12:01 a.m. and 6 a.m. which may interrupt service, and this Section's notice obligations respecting such possible interruptions will be satisfied by notice provided to Subscribers upon installation and in the annual Subscriber notice.

C. Grantee representatives who are capable of responding to Service Interruptions must be available to Respond twenty-four (24) hours a day, seven (7) days a week.

D. Under Normal Operating Conditions, Grantee must Respond to a call from a Subscriber regarding a Service Interruption or other service problems within the following time frames:

(1) Within twenty-four (24) hours, including weekends, of receiving Subscriber calls about Service Interruptions in the Franchise Area.

(2) Grantee must begin actions to correct all other Cable Service problems the next business day after notification by the Subscriber or Grantor of a Cable Service problem.

E. Under Normal Operating Conditions, Grantee shall complete Service Calls within seventy-two (72) hours of the time Grantee commences to Respond to the Service Interruption, not including weekends and situations where the Subscriber is not reasonably available for a Service Call to correct the Service Interruption within the seventy-two (72) hour period.

F. Grantee shall meet the standard in Subsection E. of this Section for ninety percent (90%) of the Service Calls it completes, as measured on a quarterly basis.

G. Grantee shall provide Grantor with a report within forty-five (45) days following the end of each calendar quarter, noting the percentage of Service Calls completed within the seventy-two (72) hour period not including Service Calls where the Subscriber was reasonably unavailable for a Service Call within the seventy-two (72) hour period as set forth in this Section. Subject to consumer privacy requirements, underlying activity will be made available to Grantor for review upon reasonable request. At the Grantee's option, the above measurements and reporting may be changed from calendar quarters to billing or accounting quarters one time during the term of this Agreement. The Grantee shall notify the Grantor of such a change at least thirty (30) days in advance.

H. At Grantee's option, the above measurements may be changed for calendar quarters to billing or accounting quarters one time during the term of this Agreement. Grantee shall notify Grantor of such a change at least thirty (30) day in advance.

I. Under Normal Operating Conditions, Grantee shall provide a credit upon Subscriber request when all Channels received by that Subscriber experience the loss of picture

or sound for a period of four (4) consecutive hours or more. The credit shall equal, at a minimum, a proportionate amount of the affected Subscriber(s) current monthly bill. In order to qualify for the credit, the Subscriber must promptly report the problem and allow Grantee to verify the problem if requested by Grantee. If Subscriber availability is required for repair, a credit will not be provided for such time, if any, that the Subscriber is not reasonably available.

J. Under Normal Operating Conditions, if a Significant Outage affects all Video Programming Cable Services for more than twenty-four (24) consecutive hours, Grantee shall issue a credit upon request to the affected Subscribers in the amount equal to one-thirtieth (1/30) of the monthly recurring charges for each consecutive twenty-four (24) hour period the Cable Service was out. Such credit shall be reflected on Subscriber billing statements within the next available billing cycle following the outage.

SECTION 5: CUSTOMER COMPLAINTS REFERRED BY GRANTOR

Under Normal Operating Conditions, Grantee shall begin investigating Subscriber complaints referred by Grantor within twenty-four (24) hours. Grantee shall notify Grantor of those matters that require more than seventy-two (72) hours to resolve, but Grantee must make all necessary efforts to resolve those complaints within ten (10) business days of the initial complaint. Grantor may require Grantee to provide reasonable documentation to substantiate the request for additional time to resolve the problem. Grantee shall inform Grantor in writing, which may be by an electronic mail message, of how and when referred complaints have been resolved within a reasonable time after resolution. For purposes of this Section, "resolve" means that Grantee shall perform those actions, which, in the normal course of business, are necessary to investigate the Customer's complaint and advise the Customer of the results of that investigation.

SECTION 6: BILLING

A. Subscriber bills must be itemized to describe Cable Services purchased by Subscribers and related equipment charges. Bills shall clearly delineate activity during the billing period, including optional charges, rebates, credits, and aggregate late charges. Grantee shall, without limitation as to additional line items, be allowed to itemize as separate line items, Franchise fees, taxes and/or other governmental-imposed fees. Grantee shall maintain records of the date and place of mailing of bills.

B. Every Subscriber with a current account balance sending payment directly to Grantee shall be given at least twenty (20) days from the date statements are mailed to the Subscriber until the payment due date.

C. A specific due date shall be listed on the bill of every Subscriber whose account is current. Delinquent accounts may receive a bill which lists the due date as upon receipt; however, the current portion of that bill shall not be considered past due except in accordance with Subsection 6.B. above.

D. Any Subscriber who, in good faith, disputes all or part of any bill shall have the option of withholding the disputed amount without disconnect or late fee being assessed until the dispute is resolved, provided that:

(1) The Subscriber pays all undisputed charges;

(2) The Subscriber provides notification of the dispute to Grantee within five (5) days prior to the due date; and

(3) The Subscriber cooperates in determining the accuracy and/or appropriateness of the charges in dispute.

(4) It shall be within Grantee's sole discretion to determine when the dispute has been resolved.

E. Under Normal Operating Conditions, Grantee shall initiate investigation and resolution of all billing complaints received from Subscribers within five (5) business days of receipt of the complaint. Final resolution shall not be unreasonably delayed.

F. Grantee shall provide a telephone number and address clearly and prominently on the bill for Subscribers to contact Grantee.

G. Grantee shall forward a copy of any rate-related or customer service-related billing inserts or other mailings related to Cable Service, but not promotional materials, sent to Subscribers, to Grantor.

H. Grantee shall provide all Subscribers with the option of paying for Cable Service by check or an automatic payment option where the amount of the bill is automatically deducted from a checking account designated by the Subscriber. Grantee may in the future, at its discretion, permit payment by using a major credit card on a preauthorized basis. Based on credit history, at the option of Grantee, the payment alternative may be limited.

I. Grantee shall provide Grantor with a sample Cable Services bill, on a monthly basis.

SECTION 7: DEPOSITS, REFUNDS AND CREDITS

A. Grantee may require refundable deposits from Subscribers 1) with a poor credit or poor payment history, 2) who refuse to provide credit history information to Grantee, or 3) who rent Subscriber equipment from Grantee, so long as such deposits are applied on a non-discriminatory basis. The deposit Grantee may charge Subscribers with poor credit or poor payment history or who refuse to provide credit information may not exceed an amount equal to an average Subscriber's monthly charge multiplied by six (6). The maximum deposit Grantee may charge for Subscriber equipment is the cost of the equipment which Grantee would need to purchase to replace the equipment rented to the Subscriber.

B. Grantee shall refund or credit the Subscriber for the amount of the deposit collected for equipment, which is unrelated to poor credit or poor payment history, after one year and provided the Subscriber has demonstrated good payment history during this period. Grantee shall pay interest on other deposits if required by law.

C. Under Normal Operating Conditions, refund checks will be issued within the next available billing cycle following the resolution of the event giving rise to the refund, (e.g. equipment return and final bill payment).

D. Credits for Cable Service will be issued no later than the Subscriber's next available billing cycle, following the determination that a credit is warranted, and the credit is approved and processed. Such approval and processing shall not be unreasonably delayed.

E. Bills shall be considered paid when appropriate payment is received by Grantee or its authorized agent. Appropriate time considerations shall be included in Grantee's collection procedures to assure that payments due have been received before late notices or termination notices are sent.

SECTION 8: RATES, FEES AND CHARGES

A. Grantee shall not, except to the extent expressly permitted by law, impose any fee or charge for Service Calls to a Subscriber's premises to perform any repair or maintenance work related to Grantee equipment necessary to receive Cable Service, except where such problem is caused by a negligent or wrongful act of the Subscriber (including, but not limited to a situation in which the Subscriber reconnects Grantee equipment incorrectly) or by the failure of the Subscriber to take reasonable precautions to protect Grantee's equipment (for example, a dog chew).

B. Grantee shall provide reasonable notice to Subscribers of the possible assessment of a late fee on bills or by separate notice. Such late fees are subject to ORS 646.649.

C. All of Grantee's rates and charges shall comply with applicable law. Grantee shall maintain a complete current schedule of rates and charges for Cable Services on file with the Grantor throughout the term of this Franchise.

SECTION 9: DISCONNECTION /DENIAL OF SERVICE

A. Grantee shall not terminate Cable Service for nonpayment of a delinquent account unless Grantee mails a notice of the delinquency and impending termination prior to the proposed final termination. The notice shall be mailed to the Subscriber to whom the Cable Service is billed. The notice of delinquency and impending termination may be part of a billing statement.

B. Cable Service terminated in error must be restored without charge within twenty-four (24) hours of notice. If a Subscriber was billed for the period during which Cable Service

was terminated in error, a credit shall be issued to the Subscriber if the Service Interruption was reported by the Subscriber.

C. Nothing in these standards shall limit the right of Grantee to deny Cable Service for non-payment of previously provided Cable Services, refusal to pay any required deposit, theft of Cable Service, damage to Grantee's equipment, abusive and/or threatening behavior toward Grantee's employees or representatives, or refusal to provide credit history information or refusal to allow Grantee to validate the identity, credit history and credit worthiness via an external credit agency.

D. Charges for cable service will be discontinued at the time of the requested termination of service by the Subscriber, except equipment charges may by applied until equipment has been returned. No period of notice prior to requested termination of service can be required of Subscribers by Grantee. No charge shall be imposed upon the Subscriber for or related to total disconnection of Cable Service or for any Cable Service delivered after the effective date of the disconnect request, unless there is a delay in returning Grantee equipment or early termination charges apply pursuant to the Subscriber's service contract. If the Subscriber fails to specify an effective date for disconnection, the Subscriber shall not be responsible for Cable Services received after the day following the date the disconnect request is received by Grantee. For purposes of this subsection, the term "disconnect" shall include Subscribers who elect to cease receiving Cable Service from Grantee and to receive Cable Service or other multi-channel video service from another Person or entity.

SECTION 10: COMMUNICATIONS WITH SUBSCRIBERS

A. All Grantee personnel, contractors and subcontractors contacting Subscribers or potential Subscribers outside the office of Grantee shall wear a clearly visible identification card bearing their name and photograph. Grantee shall make reasonable effort to account for all identification cards at all times. In addition, all Grantee representatives shall wear appropriate clothing while working at a Subscriber's premises. Every service vehicle of Grantee shall be clearly identified as such to the public. Specifically, Grantee vehicles shall have CenturyLink's logo plainly visible. The vehicles of those contractors and subcontractors working for Grantee shall have sufficient visible identification to allow for determination that a contractor is working on behalf of CenturyLink.

B. All contact with a Subscriber or potential Subscriber by a Person representing Grantee shall be conducted in a courteous manner.

C. Grantee shall send annual notices to all Subscribers informing them that any complaints or inquiries not satisfactorily handled by Grantee may be referred to Grantor. A copy of the annual notice required under this Subsection 10.C will be given to Grantor at least fifteen (15) days prior to distribution to Subscribers.

D. Grantee shall provide the name, mailing address, and phone number of Grantor on all Cable Service bills in accordance with 47 C.F.R. §76.952(a).

E. All notices identified in this Section shall be by either:

(1) A separate document included with a billing statement or included on the portion of the monthly bill that is to be retained by the Subscriber; or

(2) A separate electronic notification.

F. Grantee shall provide reasonable notice to Subscribers and Grantor of any pricing changes or additional changes (excluding sales discounts, new products or offers) and, subject to the forgoing, any changes in Cable Services, including channel line-ups. Such notice must be given to Subscribers a minimum of thirty (30) days in advance of such changes if within the control of Grantee. If the change is not within Grantee's control, Grantee shall provide an explanation to Grantor of the reason and expected length of delay. Grantee shall provide a copy of the notice to Grantor including how and where the notice was given to Subscribers.

G. Grantee shall provide information to all Subscribers about each of the following items at the time of installation of Cable Services, annually to all Subscribers, at any time upon request, and, subject to Subsection 10.E., at least thirty (30) days prior to making significant changes in the information required by this Section if within the control of Grantee:

(1) Products and Cable Service offered;

(2) Prices and options for Cable Services and condition of subscription to Cable Services. Prices shall include those for Cable Service options, equipment rentals, program guides, installation, downgrades, late fees and other fees charged by Grantee related to Cable Service;

(3) Installation and maintenance policies including, when applicable, information regarding the Subscriber's in-home wiring rights during the period Cable Service is being provided;

(4) Channel positions of Cable Services offered on the Cable System;

(5) Complaint procedures, including the name, address, and telephone number of Grantor, but with a notice advising the Subscriber to initially contact Grantee about all complaints and questions;

(6) Procedures for requesting Cable Service credit;

(7) The availability of a parental control device;

(8) Grantee practices and procedures for protecting against invasion of privacy; and

(9) The address and telephone number of Grantee's office to which complaints may be reported.

A copy of notices required in this Subsection 10.F. will be given to Grantor at least fifteen (15) days prior to distribution to Subscribers if the reason for notice is due to a change that is within the control of Grantee and as soon as possible if not with the control of Grantee.

H. Notices of changes in rates shall indicate the Cable Service new rates and old rates, if applicable.

I. Notices of changes of Cable Services and/or Channel locations shall include a description of the new Cable Service, the specific channel location, and the hours of operation of the Cable Service if the Cable Service is only offered on a part-time basis. In addition, should the Channel location, hours of operation, or existence of other Cable Services be affected by the introduction of a new Cable Service, such information must be included in the notice.

J. Every notice of termination of Cable Service shall include the following information:

(1) The name and address of the Subscriber whose account is delinquent;

(2) The amount of the delinquency for all services billed;

(3) The date by which payment is required in order to avoid termination of Cable Service; and

(4) The telephone number for Grantee where the Subscriber can receive additional information about their account and discuss the pending termination.

K. Grantee will comply with privacy rights of Subscribers in accordance with federal, state, and local law, including 47 U.S.C. §551.

EXHIBIT E
GRANTEE PARENT STRUCTURE AS OF May 1, 2015

Company Structure

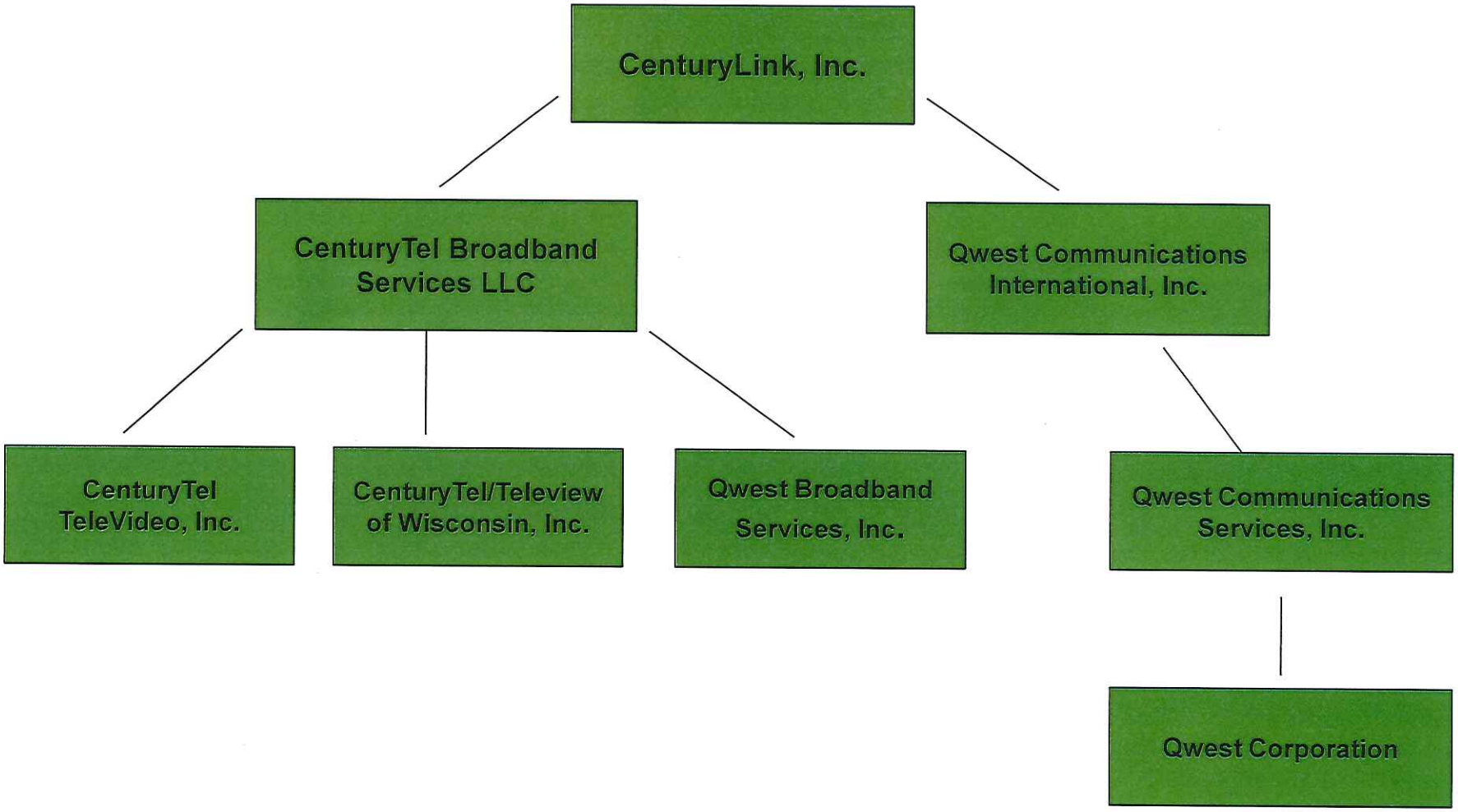


Exhibit E

CenturyLink™

EXHIBIT F
CUSTOMER SERVICE STANDARD REPORT METRICS

THE FOLLOWING INFORMATION IS PROPRIETARY AND CONFIDENTIAL AND IS CONDITIONALLY EXEMPT FROM THE OREGON PUBLIC RECORDS LAW. THE FOLLOWING INFORMATION QUALIFIES AS PROPRIETARY AND CONFIDENTIAL BUSINESS INFORMATION PURSUANT TO, WITHOUT LIMITATION, OREGON REVISED STATUTE § 192.501(2) AND ANY OTHER APPLICABLE LAW AND SHOULD NOT BE DISCLOSED.

Verizon Video Franchise Report:																
Contract Requirements	Jan	Feb	Mar	1st Qtr	April	May	June	2nd Qtr	July	Aug	Sept	3rd Qtr	Oct	Nov	Dec	4th Qtr
VCC-1 Customer Contact Availability																
90% Calls Answered within 30 Seconds																
3% Calls Receiving a Busy																
VMR-3 Trouble Completion Intervals																
90% Completed Service Interruption Troubles <72 hours																
VPR-1 Completed within Specified # of Days																
95% Standard Installs Completed within seven (7) business days after ONT Placement Date, or if ONT exists on Order Creation Date, within seven (7) business days of Order Creation Date (125 FT)																